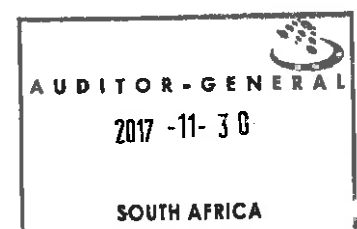


# **EDEN DISTRICT MUNICIPALITY**



## **ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2017**



# EDEN DISTRICT MUNICIPALITY

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# **EDEN DISTRICT MUNICIPALITY**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2017**

## **GENERAL INFORMATION**

### **NATURE OF BUSINESS**

Eden District Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

### **COUNTRY OF ORIGIN AND LEGAL FORM**

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

### **JURISDICTION**

The Eden District Municipality includes the following municipalities:

*Bitou Municipality  
George Municipality  
Hessequa Municipality  
Kannaland Municipality  
Knysna Municipality  
Mossel Bay Municipality  
Oudtshoorn Municipality*

### **ACCOUNTING OFFICER**

*Mr. M.G Stratu*

### **CHIEF FINANCIAL OFFICER**

*Miss. L. Hoek*

### **REGISTERED OFFICE**

*54 York Street, George, 6529*

### **AUDITORS**

*Office of the Auditor General (WC)*

### **PRINCIPAL BANKERS**

*Standard Bank, George*



## **RELEVANT LEGISLATION**

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALGBC Leave Regulations



## EDEN DISTRICT MUNICIPALITY

### MEMBERS OF THE EDEN DISTRICT MUNICIPALITY

#### COUNCILLORS

Proportional		<i>Ms. T Fortuin</i>
Proportional		<i>Mr. S de Vries</i>
Proportional		<i>Ms. NF Kamte</i>
Proportional		<i>Mr. MP Mapitza</i>
Proportional		<i>Ms. D Xego</i>
Proportional		<i>Ms. CN Lichaba</i>
Proportional		<i>Ms. T van Rensburg</i>
Proportional		<i>Ms. S May</i>
Proportional		<i>Mr. RE Spies</i>
Proportional		<i>Mr. M Booysen</i>
Proportional		<i>Mr. KS Lose</i>
Proportional		<i>Mr. D Saayman</i>
Proportional		<i>Mr. BN van Wyk</i>
Proportional		<i>Mr. AJ Rossouw</i>
Representative:	George Municipality	<i>Ms. T Teyisi</i>
Representative:	George Municipality	<i>Mr. PJ van der Hoven</i>
Representative:	George Municipality	<i>Mr. I Stemela</i>
Representative:	George Municipality	<i>Ms. EH Stroebel</i>
Representative:	George Municipality	<i>Mr. RS Figland</i>
Representative:	George Municipality	<i>Mr. V Gericke</i>
Representative:	Mossel Bay Municipality	<i>Mr. BHJ Groenewald</i>
Representative:	Mossel Bay Municipality	<i>Ms. E Meyer</i>
Representative:	Mossel Bay Municipality	<i>Ms. RH Ruiters</i>
Representative:	Mossel Bay Municipality	<i>Mr. SS Mbandezi</i>
Representative:	Oudtshoorn Municipality	<i>Mr. JJC Lambaatjeen</i>
Representative:	Oudtshoorn Municipality	<i>Mr. RR Wildschut</i>
Representative:	Oudtshoorn Municipality	<i>Mr. K Windvogel</i>
Representative:	Knysna Municipality	<i>Mr. L Tyokolo</i>
Representative:	Knysna Municipality	<i>Mr. MS Willemse</i>
Representative:	Knysna Municipality	<i>Mr. MV Molosi</i>

### **COUNCILLORS (Continued)**

Representative:	Hessequa Municipality	<i>Mr. SM Odendaal</i>
Representative:	Hessequa Municipality	<i>Mr. IT Mangaliso</i>
Representative:	Bitou Municipality	<i>Ms. NC Jacob</i>
Representative:	Bitou Municipality	<i>Ms. N Ndayi</i>
Representative:	Kannaland Municipality	<i>Ms. JP Johnson</i>

### **APPROVAL OF FINANCIAL STATEMENTS**

I am responsible for the preparation of these annual financial statements year ended 30 June 2017, which are set out on pages 1 to 84 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2017 and is satisfied that the Municipality can continue in operational existence for the foreseeable future. As part of austerity interventions employed by the District Municipality, a Funding Research Initiative ahs been comissioned. Progress thus far has been positive and the aim of the initiative is to convince National Treasury that the current funding model for District Municipalities are not sustainable.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

\_\_\_\_\_  
*Mr. M.G Stratu*  
**Accounting Officer**

\_\_\_\_\_  
**Date**



**EDEN DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017**

<b>NET ASSETS AND LIABILITIES</b>		<b>2017 R (Actual)</b>	<b>2016 R (Restated)</b>
	<b>Note</b>		
<b>Net assets</b>		<b>269 148 016</b>	<b>256 194 034</b>
Capital replacement reserve	2	27 728 373	24 675 638
Accumulated Surplus/(Deficit)	2	241 419 643	231 518 396
<b>Non-current liabilities</b>		<b>139 881 981</b>	<b>139 752 007</b>
Non-Current Employee Benefits	4	136 939 701	137 152 652
Non-Current Provisions	5	2 942 280	2 599 355
<b>Current liabilities</b>		<b>44 578 242</b>	<b>58 163 457</b>
Current Employee Benefits	6	28 068 286	25 643 306
Provisions	7	759 167	2 375 823
Trade and Other Payables from Exchange Transactions	8	11 215 908	12 653 795
Unspent Transfers and Subsidies	9	4 534 880	17 489 363
Operating Lease Liability	18	-	1 170
<b>Total Net Assets and Liabilities</b>		<b>453 608 238</b>	<b>454 109 497</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>288 842 511</b>	<b>286 477 805</b>
Property, plant & equipment	11	143 928 281	140 978 089
Investment Property	12	85 532 767	85 644 952
Intangible Assets	13	1 819 116	1 851 194
Investments	14	26 027	26 027
Employee Benefits	4	57 536 320	57 977 544
<b>Current assets</b>		<b>164 765 727</b>	<b>167 631 689</b>
Inventory	15	3 131 451	3 365 246
Trade receivables - Exchange transactions	16	5 487 669	3 415 421
Other receivables - Non exchange transactions	17	6 585 896	1 874 151
Operating Lease Asset	18	32 445	57 256
VAT Receivable	10	2 751 044	33 045
Unpaid Transfers and Subsidies	9	252 622	294 510
Employee Benefits	4	3 805 368	3 195 074
Cash and Cash Equivalents	19	142 719 233	155 396 986
<b>Total Assets</b>		<b>453 608 238</b>	<b>454 109 497</b>



**EDEN DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 (Actual) R	2016 (Restated) R	Correction of error R	2016 (Previously reported) R
<b>REVENUE</b>		<b>Total</b>			<b>Total</b>
<b>Revenue from Non-Exchange Transactions</b>		152 095 499	160 848 718	531 531	160 317 187
<b>Transfer Revenue</b>		147 546 786	160 337 187	20 000	160 317 187
Regional Services Levies Equitable Share	20	-	-	(138 902 000)	138 902 000
Government grants and subsidies	20	147 546 786	160 337 187	138 922 000	21 415 187
<b>Other Revenue</b>		4 548 713	511 531	511 531	-
Actuarial Gains		4 548 713	482 685	482 685	-
Contributed Property, Plant and Equipment		-	28 846	28 846	-
<b>Revenue from Exchange Transactions</b>		187 586 111	187 095 036	(958 302)	188 053 338
Actuarial Gain	34	-	-	(482 685)	482 685
Contributed PPE		-	-	(28 846)	28 846
Contribution Shop Steward		-	-	(602 999)	602 999
Department of Transport - Roads Service Charges	21	159 611 440	160 732 598	-	160 732 598
Sale of Goods and Rendering of Services	22	11 298 390	11 529 501	11 529 501	-
Rental from Fixed Assets		650 151	1 282 978	-	1 282 978
Decrease in provision for Impairment of Trade Receivables	16 & 17	-	-	-	-
Decrease in provision for Alien Vegetation	5	-	-	(454 305)	454 305
Interest earned - external investments	19	12 926 667	10 792 549	-	10 792 549
Interest earned - outstanding debtors		1 176 588	1 106 479	-	1 106 479
Licenses and permits		215 028	122 064	-	122 064
Other income	24	-	-	(12 392 256)	12 392 256
Stock gains	15	-	-	(55 579)	55 579
Operational Revenue	23	1 707 847	1 528 867	1 528 867	-
<b>Total Revenue</b>		<b>339 681 609</b>	<b>347 943 754</b>	<b>(426 771)</b>	<b>348 370 525</b>
<b>EXPENDITURE</b>					
Employee related costs	25	110 028 891	106 381 722	(0)	106 381 722
Employee related costs - Roads	26	63 017 771	60 440 070	-	60 440 070
Remuneration of Councillors	27	9 421 247	7 702 185	(83 536)	7 785 720
Bad Debts Written Off		3 937 518	1 274 348	1 274 348	-
Impairment of Trade Receivables		-	-	(7 817 253)	7 817 253
Actuarial Loss	41	-	119 120	-	119 120
Increase/(Decrease) in Provision for Alien Vegetation	5	-	-	-	-
Depreciation and Amortisation	28	3 032 190	3 290 416	491 710	2 798 706
Amortisation	13	-	-	(479 510)	479 510
Repairs and maintenance	29	-	-	(3 900 347)	3 900 347
Finance Cost	30	8 496	199 503	-	199 503
Contracted services	31	30 347 848	27 150 036	18 719 521	8 430 515
Operating Leases		704 085	409 706	409 706	-
Roads - Operating Expenditure	32	81 432 041	84 758 840	-	84 758 842
Transfers and Subsidies	33	1 314 907	824 882	824 882	-
Unamortised Discount - Interest	3	-	9 410	-	9 410
Loss on disposal of property, plant and equipment	11	-	-	(163 113)	163 113
Operational Costs	34	22 702 707	21 319 900	21 319 900	-
General Expenses	35	-	-	(36 738 831)	36 738 831
<b>Total Expenditure</b>		<b>325 947 701</b>	<b>313 880 138</b>	<b>(6 142 522)</b>	<b>320 022 661</b>
<b>OPERATING SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>13 733 909</b>	<b>34 063 615</b>	<b>5 715 751</b>	<b>28 347 864</b>
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		1 110	55 579	55 579	-
(Impairment Loss)/Reversal of Impairment Loss on Receivables	36	(438 645)	(6 073 053)	(6 073 053)	-
Gains/(Loss) on Sale of Fixed Assets	37	(268 960)	(123 259)	(123 259)	-
(Impairment Loss)/Reversal of Impairment Loss on Fixed Asset	38	(73 431)	-	-	-
<b>SUPRLUS / (DEFICIT) FOR THE YEAR</b>		<b>12 953 983</b>	<b>27 922 883</b>	<b>(424 982)</b>	<b>28 347 864</b>

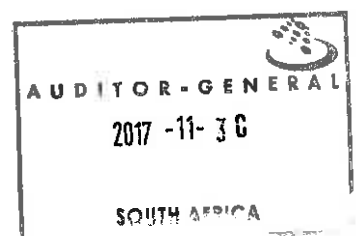
Refer to the Statements of Comparison of budget and actual amounts for explanation of variances





EDEN DISTRICT MUNICIPALITY  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2017

	<u>Capital Replacement Reserve</u>	<u>Accumulated Surplus/(Deficit)</u>	<u>Total</u>
	R	R	R
<b>2016</b>			
Balance at 1 July 2015	21 370 360	207 091 345	228 461 705
Correction of error (Note 33)	-	(190 555)	(190 555)
Changes in accounting policy	-	-	-
<b>Restated Balance</b>	<b>21 370 360</b>	<b>206 900 790</b>	<b>228 271 150</b>
Surplus/(deficit) for the year		27 922 883	27 922 883
Corrections	-	-	-
Purchase of Property, Plant and Equipment	-	-	-
Purchases of Property, Plant and Equipment	(1 414 975)	1 414 975	-
Contribution to Capital Replacement Reserve	4 720 252	(4 720 252)	-
Depreciation and amortisation transferred	3 278 216		
Purchases of Property, Plant and Equipment from own funds	1 414 975		
Car ports	27 061		
Transfers from Accumulated Surplus	-	-	-
<b>Balance at 30 June 2016</b>	<b>24 675 638</b>	<b>231 518 396</b>	<b>256 194 033</b>
Surplus/(deficit) for the year		12 953 983	12 953 983
Purchases of Property, Plant and Equipment	(5 820 635)	5 820 635	-
Contribution to Capital Replacement Reserve	8 873 371	(8 873 371)	-
Depreciation and amortisation transferred	3 032 189		
Purchases of Property, Plant and Equipment from own funds	5 820 634		
Car ports	20 548		
<b>Balance at 30 June 2017</b>	<b>27 728 373</b>	<b>241 419 843</b>	<b>12 953 983</b>



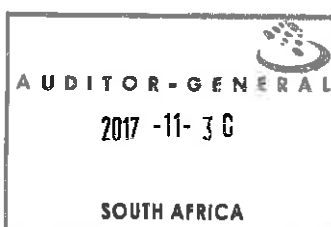
**EDEN DISTRICT MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 R	2016 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Other receipts		154 745 793	190 485 511
Government - operating		147 546 780	159 793 113
Government - capital		-	544 074
Interest		14 103 255	11 899 028
<b>Payments</b>			
Suppliers and employees		(322 715 504)	(312 047 766)
Finance charges	30	(8 496)	(199 503)
Cash generated/(absorbed) by operations	42	(6 328 171)	50 474 457
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>(6 328 171)</b>	<b>50 474 457</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	11	(5 820 635)	(1 959 050)
Proceeds on disposal of property, plant and equipment		-	1 349
Additions to Investment Properties		-	-
Decrease / (Increase) in intangible assets	13	(359 876)	(29 230)
Decrease / (Increase) in employee benefits receivables		(169 070)	(3 491 474)
Decrease / (Increase) in non-current investments		-	-
Decrease / (Increase) in Discontinued Operations		-	-
Decrease in call investment deposits		-	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(6 349 581)</b>	<b>(5 478 406)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(Decrease) in Long term liabilities		-	(681 793)
Increase/(Decrease) in Liabilities associated with Discontinued Operations		-	-
Increase in funds and reserves		-	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>(681 793)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(12 677 753)</b>	<b>44 314 259</b>
Cash and cash equivalents at the beginning of the year		155 396 986	111 082 727
Cash and cash equivalent at the end of the year	43	142 719 233	155 396 986

**EDEN DISTRICT MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

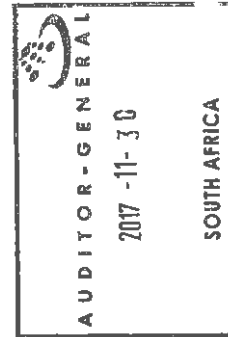
	2017 R	2017 R	2017 R (Final Adjustment Budget)	2017 R (Shifting of Funds)	2017 R (Virement)	2017 R (Final Budget)	2017 R (Actual)	2017 % Actual Outcome as % of Final Budget
	(Approved Budget)	(Adjustments)						
<b>ASSETS</b>								
<b>Current assets</b>								
Cash	148 557 000	(20 000 000)	128 557 000	-	-	128 557 000	142 588 002	9.89%
Call investment deposits	1 000	-	1 000	-	-	1 000	150 831	99.34%
Consumer debtors	14 898 000	-	14 898 000	-	-	14 898 000	3 834 486	-821.50%
Other Receivables	5 002 000	-	5 002 000	-	-	5 002 000	11 676 189	56.79%
Current portion of long-term receivables	2 757 000	-	2 757 000	-	-	2 757 000	3 805 368	27.55%
Inventory	3 881 000	-	3 881 000	-	-	3 881 000	3 181 451	-22.95%
<b>Total current assets</b>	<b>175 086 000</b>	<b>(20 000 000)</b>	<b>155 086 000</b>	<b>-</b>	<b>-</b>	<b>155 086 000</b>	<b>184 766 727</b>	
<b>Non current assets</b>								
Long-term receivables	62 293 000	-	62 293 000	-	-	62 293 000	57 636 320	-8.27%
Investments	26 000	-	26 000	-	-	26 000	26 027	0.10%
Investment property	85 712 000	-	85 712 000	-	-	85 712 000	85 532 767	-0.21%
Property, plant and equipment	141 797 000	-	141 797 000	-	-	141 797 000	143 028 281	1.48%
Biological Assets	-	-	-	-	-	-	-	0.00%
Intangible Assets	2 101 000	-	2 101 000	-	-	2 101 000	1 819 116	-15.50%
Heritage Assets	-	-	-	-	-	-	-	0.00%
<b>Total non current assets</b>	<b>291 629 000</b>	<b>-</b>	<b>291 629 000</b>	<b>-</b>	<b>-</b>	<b>291 629 000</b>	<b>288 843 611</b>	
<b>TOTAL ASSETS</b>	<b>466 715 000</b>	<b>(20 000 000)</b>	<b>446 715 000</b>	<b>-</b>	<b>-</b>	<b>446 715 000</b>	<b>473 610 338</b>	
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Borrowing	-	-	-	-	-	-	-	0.00%
Trade and other payables	36 006 000	17 062 065	53 068 065	-	-	53 068 065	15 750 788	-256.16%
Provisions and Employee Benefits	3 137 000	-	3 137 000	-	-	3 137 000	28 827 463	89.12%
<b>Total current liabilities</b>	<b>42 143 000</b>	<b>17 062 065</b>	<b>59 205 065</b>	<b>-</b>	<b>-</b>	<b>59 205 065</b>	<b>44 578 242</b>	
<b>Non current liabilities</b>								
Provisions and Employee Benefits	137 202 000	-	137 202 000	-	-	137 202 000	139 881 881	1.92%
<b>Total non current liabilities</b>	<b>137 202 000</b>	<b>-</b>	<b>137 202 000</b>	<b>-</b>	<b>-</b>	<b>137 202 000</b>	<b>139 881 881</b>	
<b>TOTAL LIABILITIES</b>	<b>179 345 000</b>	<b>17 062 065</b>	<b>196 407 065</b>	<b>-</b>	<b>-</b>	<b>196 407 065</b>	<b>184 460 123</b>	
<b>NET ASSETS</b>	<b>287 370 000</b>	<b>(37 062 065)</b>	<b>250 307 935</b>	<b>-</b>	<b>-</b>	<b>250 307 935</b>	<b>289 150 215</b>	
<b>COMMUNITY WEALTH</b>								
Accumulated Surplus/(Deficit)	268 280 000	(20 001 000)	248 279 000	-	-	248 279 000	241 419 643	-2.91%
Reserves	21 370 000	-	21 370 000	-	-	21 370 000	27 728 573	22.83%
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>289 650 000</b>	<b>(20 001 000)</b>	<b>269 649 000</b>	<b>-</b>	<b>-</b>	<b>269 649 000</b>	<b>269 148 216</b>	



**EDEN DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2017 R	2017 R	(Approved Budget)	(Adjustments)	2017 R (Final Adjustment Budget)	2017 R (Shifting of Funds)	2017 R (Virement)	2017 R (Final Budget)	2017 R (Actual)	2017 % Actual Outcome as % of Final Budget
<b>REVENUE BY SOURCE</b>										
Rental of facilities and equipment	1 424 332	-	1 424 332	-	1 424 332	-	-	1 424 332	650 151	-119.08%
Interest earned - external investments	7 973 700	2 800 000	7 973 700	-	10 773 700	-	-	10 773 700	12 928 667	16.86%
Interest earned - outstanding debtors	799 484	-	799 484	-	799 484	-	-	799 484	1 176 588	32.05%
Licences and permits	155 000	-	155 000	-	155 000	-	-	155 000	215 028	27.92%
Agency services	14 500 000	500 000	14 500 000	-	15 000 000	-	-	15 000 000	15 161 628	1.07%
Transfers Recognised - Operational	146 708 000	-	146 708 000	-	146 708 000	-	-	146 708 000	147 546 786	0.57%
Contributed PPE	-	-	-	-	-	-	-	-	-	0.00%
Other revenue	143 347 582	15 528 252	143 347 582	-	158 875 834	-	-	158 875 834	162 005 872	1.93%
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	0.00%
<b>Total Operating Revenue</b>	<b>314 908 098</b>	<b>18 828 252</b>	<b>314 908 098</b>	<b>18 828 252</b>	<b>333 736 350</b>	<b>-</b>	<b>-</b>	<b>333 736 350</b>	<b>339 682 719</b>	<b>1.75%</b>
<b>EXPENDITURE BY TYPE</b>										
Employee related costs	105 720 414	373 069	105 720 414	-	106 093 483	-	-	106 093 483	110 028 891	3.58%
Employee related costs - Department of Transport	-	-	-	-	-	-	-	-	63 017 771	100.00%
Remuneration of councillors	8 448 061	(603 854)	8 448 061	-	7 844 207	-	-	7 844 207	9 421 247	16.74%
Debt impairment	1 060 000	-	1 060 000	-	1 060 000	-	-	1 060 000	4 376 163	75.78%
Depreciation & asset impairment	4 086 778	(416 808)	4 086 778	-	3 669 970	-	-	3 669 970	3 105 621	-18.17%
Finance charges	-	-	-	-	-	-	-	-	8 496	0.00%
Contracted services	11 213 625	6 484 280	11 213 625	-	17 697 905	-	-	17 697 905	30 347 848	41.68%
Transfers and Grants	-	-	-	-	-	-	-	-	1 314 907	100.00%
Other expenditure	336 578 614	(125 923 262)	336 578 614	-	210 655 353	-	-	210 655 353	104 838 833	-100.93%
Loss on disposal of PPE	-	-	-	-	-	-	-	-	268 960	100.00%
<b>Total Operating Expenditure</b>	<b>467 107 493</b>	<b>(120 086 574)</b>	<b>347 020 918</b>	<b>(120 086 574)</b>	<b>347 020 918</b>	<b>-</b>	<b>-</b>	<b>347 020 918</b>	<b>326 728 737</b>	<b>-6.21%</b>
<b>Operating Surplus/(Deficit) for the year</b>	<b>(152 199 395)</b>	<b>138 914 826</b>	<b>(152 199 395)</b>	<b>138 914 826</b>	<b>(13 284 568)</b>	<b>-</b>	<b>-</b>	<b>(13 284 568)</b>	<b>12 953 983</b>	<b>202.55%</b>
Transfers Recognised - Capital	-	-	-	-	-	-	-	-	-	0.00%
<b>Net Surplus/(Deficit) for the year</b>	<b>(152 199 395)</b>	<b>138 914 826</b>	<b>(152 199 395)</b>	<b>138 914 826</b>	<b>(13 284 568)</b>	<b>-</b>	<b>-</b>	<b>(13 284 568)</b>	<b>12 953 983</b>	<b>202.55%</b>



### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	Cash and Cash Equivalents at the beginning of the year	Cash and Cash Equivalents at the end of the year
2010	1,000	1,000
2011	1,000	1,000
2012	1,000	1,000
2013	1,000	1,000
2014	1,000	1,000
2015	1,000	1,000
2016	1,000	1,000
2017	1,000	1,000
2018	1,000	1,000
2019	1,000	1,000
2020	1,000	1,000
2021	1,000	1,000
2022	1,000	1,000
2023	1,000	1,000
2024	1,000	1,000
2025	1,000	1,000
2026	1,000	1,000
2027	1,000	1,000
2028	1,000	1,000
2029	1,000	1,000
2030	1,000	1,000
2031	1,000	1,000
2032	1,000	1,000
2033	1,000	1,000
2034	1,000	1,000
2035	1,000	1,000
2036	1,000	1,000
2037	1,000	1,000
2038	1,000	1,000
2039	1,000	1,000
2040	1,000	1,000
2041	1,000	1,000
2042	1,000	1,000
2043	1,000	1,000
2044	1,000	1,000
2045	1,000	1,000
2046	1,000	1,000
2047	1,000	1,000
2048	1,000	1,000
2049	1,000	1,000
2050	1,000	1,000
2051	1,000	1,000
2052	1,000	1,000
2053	1,000	1,000
2054	1,000	1,000
2055	1,000	1,000
2056	1,000	1,000
2057	1,000	1,000
2058	1,000	1,000
2059	1,000	1,000
2060	1,000	1,000
2061	1,000	1,000
2062	1,000	1,000
2063	1,000	1,000
2064	1,000	1,000
2065	1,000	1,000
2066	1,000	1,000
2067	1,000	1,000
2068	1,000	1,000
2069	1,000	1,000
2070	1,000	1,000
2071	1,000	1,000
2072	1,000	1,000
2073	1,000	1,000
2074	1,000	1,000
2075	1,000	1,000
2076	1,000	1,000
2077	1,000	1,000
2078	1,000	1,000
2079	1,000	1,000
2080	1,000	1,000
2081	1,000	1,000
2082	1,000	1,000
2083	1,000	1,000
2084	1,000	1,000
2085	1,000	1,000
2086	1,000	1,000
2087	1,000	1,000
2088	1,000	1,000
2089	1,000	1,000
2090	1,000	1,000
2091	1,000	1,000
2092	1,000	1,000
2093	1,000	1,000
2094	1,000	1,000
2095	1,000	1,000
2096	1,000	1,000
2097	1,000	1,000
2098	1,000	1,000
2099	1,000	1,000
2100	1,000	1,000



## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

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#### **1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

##### **1.1. BASIS OF PREPARATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) and also in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

##### **1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand. Financial values are rounded to the nearest one Rand.

##### **1.3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

##### **1.4. COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has started with a process during the year to align items in the annual financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the annual financial statements. This is set out in note 39 of the annual financial statements.



## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **1.5. MATERIALITY**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the annual financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

#### **1.6. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements. Material differences are being defined by Management as 10% of a specific line-item with a minimum of R500,000.

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

#### **1.7. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
<b>GRAP 18</b>	<b>Segment Reporting</b> The objective of this Standard is to establish principles for reporting financial information by segments.  No significant impact is expected as information to a large extent is already included in the appendices to the financial	Effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2016 / 17

**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

	statements which do not form part of the audited financial statements.	financial year.
<b>GRAP 20</b> (Original – June 2011)	<p><b>Related Party Disclosure</b></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	<b>Unknown</b>
<b>GRAP 32</b> (Original – Aug 2013)	<p><b>Service Concession Arrangements: Grantor</b></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<b>Unknown</b>
<b>GRAP 108</b> (Original – Sept 2013)	<p><b>Statutory Receivables</b></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	<b>Unknown</b>
<b>GRAP 109</b>	<p><b>Accounting by Principals and Agents</b></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<b>Unknown</b>



**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

<b>IGRAP17</b>	<b>Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest In an Asset</b>  This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.  No significant impact expected as no such transactions or events are expected in the foreseeable future.	<b>Unknown</b>
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These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

**1.8. RESERVES**

**1.8.1. Capital Replacement Reserve (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

**1.9. LEASES**

**1.9.1. Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### **1.9.2. Municipality as Lessor**

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

#### **1.10. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grant are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

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#### **1.11. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

#### **1.12. UNSPENT PUBLIC CONTRIBUTIONS**

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. Unspent public contributions are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the public contribution becomes repayable to the donor due to conditions not met, the remaining portion of the unspent public contribution is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

#### **1.13. PROVISIONS**

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

#### **1.14. EMPLOYEE BENEFITS**

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

##### **1.14.1. Post-Retirement Medical Obligations**

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

##### **1.14.2. Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

#### **1.14.3. Ex gratia Gratuities**

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as financial cost upon valuation as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

#### **1.14.4. Provision for Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee at year-end.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

#### **1.14.5. Staff Bonuses Accrued**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

#### **1.14.6. Provision for Performance Bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees.

#### **1.14.7. Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors.

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **1.14.8. Other Short-term Employee Benefits**

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

#### **1.15. BORROWING COSTS**

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

#### **1.16. PROPERTY, PLANT AND EQUIPMENT**

##### **1.16.1. Initial Recognition and Measurement**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major

## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

#### 1.16.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

#### 1.16.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets to the residual value of the asset, where applicable. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	16 – 36	Buildings	5 – 102
		Other vehicles	7 – 37
<b>Community</b>		Office equipment	5 – 31
Recreational Facilities	9 – 36	Furniture and fittings	2 – 54
		Bins and containers	10 – 36
		Specialised plant and Equipment	2 – 27
		Fire Engines	10 – 32
		Emergency equipment	5 – 22
		Computer equipment	2 – 34
		Disaster Management Equipment	6 – 15

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.



## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **1.16.4. De-recognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### **1.16.5. Land and buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

### **1.17. INTANGIBLE ASSETS**

#### **1.17.1. Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

#### **1.17.2. Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **1.17.3. Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5 - 17

#### **1.17.4. De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **1.18. INVESTMENT PROPERTY**

#### **1.18.1. Initial Recognition**

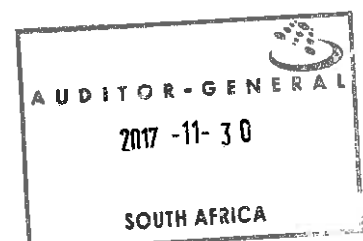
Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.



## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **1.18.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

#### **1.18.3. Depreciation and Impairment – Cost Model**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<b><u>Investment Property</u></b>	<b><u>Years</u></b>
Buildings	25 - 102

#### **1.18.4. De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **1.19. HERITAGE ASSETS**

#### **1.19.1. Initial Recognition**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

#### **1.19.2. Subsequent Measurement – Cost Model**

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

#### **1.19.3. Depreciation and Impairment**

Heritage assets are not depreciated

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

#### **1.19.4. De-recognition**

Heritage assets are derecognised when it is disposed or when there are no further economic benefits or service potential expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

### **1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS**

#### **1.20.1. Cash-generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

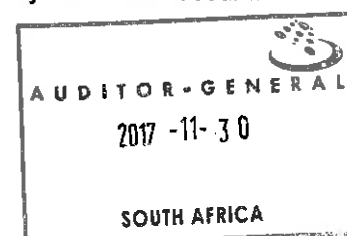
The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If



## EDEN DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

#### 1.20.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

#### **1.21. INVENTORIES**

##### **1.21.1. Initial Recognition**

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

##### **1.21.2. Subsequent Measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

**EDEN DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

**1.22. FINANCIAL INSTRUMENTS**

Financial instruments recognised in the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

**1.22.1. Initial Recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

**1.22.2. Subsequent Measurement**

Financial assets are categorised according to their nature as either financial assets at fair value, loans and receivables at cost and loans and receivables at amortised cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

**1.22.2.1. Receivables**

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

**1.22.2.2. Payables and Annuity Loans**

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

**1.22.2.3. Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.



## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **1.22.2.4. Non-Current Investments**

Investments which include fixed deposits invested in registered commercial banks, are stated at cost or amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

#### **1.22.3. De-recognition of Financial Instruments**

##### **1.22.3.1. Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

##### **1.22.3.2. Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

#### **1.22.4. Impairments of Financial Assets**

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of



## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality, after the appropriate legislative processes have been followed. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

#### **1.22.5. Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

#### **1.23. STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables generally arise from non-exchange transactions.

##### **1.23.1. Initial Recognition**

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

##### **1.23.2. Measurement**

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

- 
- (b) impairment losses; and
  - (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

#### **1.23.3. Derecognition**

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
  - (i) derecognise the receivable; and
  - (ii) recognise separately any rights and obligations created or retained in the transfer.

#### **1.24. REVENUE**

##### **1.24.1. Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Fine Revenue constitutes spot fines.. Fine revenue is recognised when the spot fine is issued. In cases where fines are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

#### **1.24.2. Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

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- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Interest revenue is recognised using the effective interest rate method.

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue from the sale of goods is recognised when:

- Substantially all the risks and rewards in those goods are passed to the consumer; and
- The municipality seizes managerial involvement and control of the goods; and
- The amount of the revenue can be measured reliably; and
- It is probable that economic benefits or service potential associated with the transaction will flow to the municipality; and
- The costs incurred or to be incurred can be measured reliably.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

#### **1.25. RELATED PARTIES**

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person’s family is related to the Municipality if that person:
- has control or joint control over the Municipality.
  - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.



## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same Municipality (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an Municipality of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

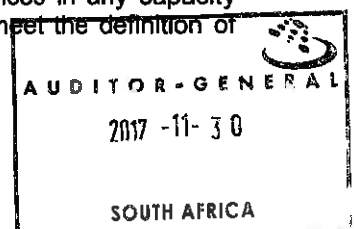
Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an Municipality who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of



## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

#### **1.26. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.27. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.28. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.29. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

Management judgement is required when recognising and measuring contingent liabilities.

#### **1.30. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the annual financial statements:

##### **1.30.1. *Post-retirement medical obligations, Long service awards and Ex gratia gratuities***

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the annual financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

##### **1.30.2. *Impairment of Receivables***

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

##### **1.30.3. *Property, Plant and Equipment***

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.





## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### **1.30.4. Intangible Assets**

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

#### **1.30.5. Provisions and Contingent Liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

#### **1.30.6. Revenue Recognition**

Accounting Policy 1.24.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

#### **1.30.7. Provision for Clearing of Alien Vegetation**

The Municipality has an obligation to clear alien vegetation. The provision represents the present cost to clear the alien vegetation. This was based on the current clearing cost per hectare and the total size of the land to be cleared.

## **EDEN DISTRICT MUNICIPALITY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

#### **1.30.8. Provision for Staff leave**

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

#### **1.30.9. Provision for Performance bonuses**

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

#### **1.30.10. Componentisation of Infrastructure assets**

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

#### **1.31. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

#### **1.32. CAPITAL COMMITMENTS**

Capital commitments disclosed in the annual financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

#### **1.33. EVENTS AFTER REPORTING DATE**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the annual financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

**EDEN DISTRICT MUNICIPALITY**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**
**NET ASSET RESERVES**
**RESERVES**

Capital Replacement Reserve  
Accumulated Surplus

**Total Housing Development Fund Assets and Liabilities**

2.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

**LONG TERM LIABILITIES**

Capitalised Lease Liability - At amortised cost

DBSA Loans - At amortised cost

Sub-total

Less: Unamortised Charges to Loans

Balance 1 July

Adjustment for the Year

Sub-total

Less: Current portion transferred to current liabilities

Current Portion of long term liabilities - At amortised cost

Current Portion of Unamortised Charges to Loans

**Total Long-term Liabilities - At amortised cost using the effective interest rate method**

**NON -CURRENT EMPLOYEE BENEFITS**
**Employee Benefits - Liabilities (Note 4.1)**

Provision for Post Employment Health Care Benefits

Roads - Provision for Post Employment Health Care Benefits

Provision for Ex-Gratia Pension Benefits

Roads - Provision for Ex-Gratia Pension Benefits

Provision for Long Service Leave Awards

Roads - Provision for Long Service Leave Awards

Less Short Term Portion Transferred to Current Provisions

**Total Non-current Employee Benefit Liabilities**

**Employee Benefits - Receivables (Note 4.3)**

Included in the above provision for Employee Benefits are the following amounts receivable from the Department of Transport with regards to employee benefits:

Roads - Provision for Post Employment Health Care Benefits (Note 4.3)

Roads - Provision for Ex-Gratia Pension Benefits (Note 4.3)

Roads - Provision for Long Service Leave Awards (Note 4.3)

Less Short Term Portion Transferred to Current Employee Benefits Receivable (Note 4.3)

2017  
R

2016  
R

269 148 015

256 194 033

27 726 373

24 675 636

241 419 643

231 518 398

269 148 015

256 194 033

-

-

-

-

-

9 410

-

(9 410)

-

-

-

-

-

-

2017  
R

2016  
R

76 483 324

75 664 480

55 129 352

55 315 202

196 813

290 288

436 092

495 730

7 613 003

7 336 316

5 776 244

5 361 688

146 635 726

144 483 702

(8 666 027)

(7 311 050)

138 939 701

137 152 652

55 129 352

55 315 202

436 092

495 730

5 776 244

5 361 688

61 341 688

61 172 818

3 605 368

3 195 074

57 636 326

57 977 544



EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

4.1 EMPLOYEE BENEFITS - LIABILITY

Post Employment Health Care Benefits

	2017 R	2016 R
Balance 1 July	130 979 682	122 250 431
Contribution for the year	3 436 209	3 809 785
Interest Cost	11 479 204	10 364 588
Expenditure for the year	(5 833 044)	(5 076 772)
Actuarial Loss(Gain)	(8 448 376)	(369 310)
<b>Total post retirement benefits 30 June</b>	<b>131 612 676</b>	<b>130 979 682</b>
<b>Less:</b> Transfer of Current Portion - Note 6	<b>(6 826 916)</b>	<b>(5 833 044)</b>
<b>Balance 30 June</b>	<b>124 785 760</b>	<b>125 146 638</b>

Long Service Leave Benefits

Balance 1 July	12 698 002	13 107 369
Contribution for the year	821 008	935 893
Interest Cost	1 028 841	613 342
Expenditure for the year	(768 904)	(1 260 934)
Actuarial Loss(Gain)	(488 796)	(707 666)
<b>Total post retirement benefits 30 June</b>	<b>13 390 147</b>	<b>12 688 002</b>
<b>Less:</b> Transfer of Current Portion - Note 6	<b>(1 730 825)</b>	<b>(1 314 027)</b>
<b>Balance 30 June</b>	<b>11 659 322</b>	<b>11 373 975</b>

Ex-Gratia Pension Awards

Balance 1 July	786 018	1 065 183
Contribution for the year	-	-
Interest Cost	57 014	72 281
Expenditure for the year	(183 979)	(205 369)
Actuarial Loss(Gain)	(48 148)	(148 047)
<b>Total post retirement benefits 30 June</b>	<b>632 905</b>	<b>786 018</b>
<b>Less:</b> Transfer of Current Portion - Note 6	<b>(138 283)</b>	<b>(163 979)</b>
<b>Balance 30 June</b>	<b>494 622</b>	<b>622 039</b>

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July	144 463 702	136 422 983
Contribution for the year	4 358 215	4 746 656
Interest Cost	12 965 059	11 050 171
Expenditure for the year	(8 765 927)	(8 532 065)
Actuarial Loss(Gain)	(8 963 321)	(1 223 026)
<b>Total post retirement benefits 30 June</b>	<b>145 635 728</b>	<b>144 463 702</b>
<b>Less:</b> Transfer of Current Portion - Note 6	<b>(8 896 024)</b>	<b>(7 311 050)</b>
<b>Balance 30 June</b>	<b>136 839 704</b>	<b>137 152 652</b>

4.1.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members  
Continuation members (e.g. retirees, widows, orphans)

**Total Members**

The liability in respect of past service has been estimated to be as follows:

In-service members  
Roads - In-service members  
Continuation members  
Roads - Continuation members

**Total Liability**

2017 Members	2016 Members
271	291
163	162
<b>434</b>	<b>453</b>

2017 R	2016 R
23 575 467	24 562 583
24 784 249	25 819 998
52 907 829	51 101 895
30 345 101	29 895 204
<b>131 612 676</b>	<b>130 979 680</b>



# EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

4

### NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2013 R	2014 R	2015 R
In-service members	20 970 543	24 979 088	27 765 009
Roads - in-service members	19 704 991	22 843 456	25 100 227
Continuation members	34 819 312	36 394 982	42 808 857
Roads - Continuation members	21 096 535	23 157 283	26 575 338
	<b>96 600 381</b>	<b>107 374 771</b>	<b>122 250 431</b>

Experience adjustments were calculated as follows:

	2013 R (Millions)	2014 R (Millions)	2015 R (Millions)
Liabilities: (Gain) / loss		7.037	1.830
Liabilities: (Gain) / loss	6.190	2.102	6.173

The District Municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;  
Keyhealth;  
LA Health;  
Hosmed; and  
SAMWU Medical Aid.

The Future-service Cost for the ensuing year is estimated to be R 2,880,039, whereas the Interest - Cost for the next year is estimated to be R12,208,361.

Key actuarial assumptions used:

#### i) Rate of Interest

Discount rate  
Health Care Cost Inflation Rate  
Net Effective Discount Rate

2017 %	2016 %
9.52%	8.96%
7.80%	8.06%
1.80%	0.81%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

#### ii) Mortality rates

The PA 90 ult. Mortality table was used by the actuaries.

#### iii) Normal retirement age

The normal retirement age of employees is 65. It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of ill-health, early and late retirement.

#### iv) Expected Salary Increases

2016/2017 - average CPI (Feb 2015 - Jan 2016) + 1 per cent

2017/2018 - average CPI (Feb 2016 - Jan 2017) + 1 per cent

The three-year Salary and Wage Collective Agreement ends on 30 June 2018.

#### v) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations  
Roads - Present value of fund obligations

Net liability(asset)

2017 R	2016 R
76 483 324	75 864 480
55 128 352	55 315 202
<b>131 612 676</b>	<b>130 979 682</b>

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 165 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year  
Current service cost  
Interest Cost  
Benefits Paid

Total expenses  
Actuarial (gains) / losses

Present value of fund obligation at the end of the year

130 979 682	122 250 431
3 435 208	3 809 765
11 479 204	10 384 668
(5 833 044)	(5 075 772)
<b>140 061 051</b>	<b>131 348 092</b>
(8 448 375)	(399 310)
<b>131 612 676</b>	<b>130 979 682</b>

### Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		48 306	83 253	131 613	
Health care inflation	1%	58 828	91 849	150 475	14.00%
Health care inflation	-1%	40 245	75 903	116 147	-12.00%
Discount Rate	+1%	40 423	76 071	116 494	-11.00%
Discount Rate	-1%	56 549	91 787	150 337	14.00%
Post retirement mortality	-1 yr	49 832	86 463	136 296	4.00%
Average retirement age	+1 yr	61 973	83 283	135 226	3.00%
Continuation of membership at retirement	-10%	43 259	83 283	128 512	-4.00%

Assumption	Change	Current-service Cost R	Interest Cost R	Total R	% change
Central Assumption		3 435 200	11 479 200	14 914 400	
Health care inflation	1%	4 277 900	13 271 100	17 549 000	18.00%
Health care inflation	-1%	2 785 800	10 022 000	12 808 500	-14.00%
Discount Rate	1%	2 820 900	11 186 600	13 987 500	-6.00%
Discount Rate	-1%	4 240 000	11 792 000	16 032 000	7.00%
Post-retirement mortality	-1 year	3 548 500	11 918 400	15 466 900	4.00%
Average retirement age	-1 year	3 635 200	11 806 100	15 441 300	4.00%
Withdrawal Rate	-10%	3 103 600	11 012 600	14 116 200	-5.00%

### 4.1.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 517 employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R 821,215, whereas the Interest- Cost for the next year is estimated to be R 1,050,066.

Key actuarial assumptions used:

#### i) Rate of Interest

Discount rate  
General Salary Inflation (long-term)  
Net Effective Discount Rate applied to salary-related Long Service Bonuses

2017 %	2016 %
8.37%	8.53%
6.19%	7.19%
2.05%	1.25%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

## 4

The Projected Unit Credit Method has been used to value the liabilities.

**The amounts recognised in the Statement of Financial Position are as follows:**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss

**Liabilities: (Gain) / loss**

#### Sensitivity Analysis on the Unfunded Accrued Liability

### Assumption

The Ex-Gratia Pension Benefit plans are defined benefit plans. As at year end, 12 former employees were eligible for Ex-Gratia Benefits.

There is no Current-service cost as there are no in-service members eligible for ex-gratia pension benefits, whereas the Interest-Cost for the next year is estimated to be R 44 048.

**Key actuarial assumptions used:**

### 1) Rate of Interest

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

The Projected Unit Credit Method has been used to value the liabilities.

**The amounts recognised in the Statement of Financial Position are as follows:**

### Accrued Liability

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

### Accrued Liability

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss

Assets: Gain / (loss)

**Liabilities: (Gain) / loss**

**Liabilities: (Gain) / loss**

### Analysis of accrued liability

Fair value of plan assets:

Full value of plant assets  
Accrued Liability

**Accrued Liability**  
**Boards = Accrued Liability**

Notes = Accrued Liab

# EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### NON-CURRENT EMPLOYEE BENEFITS (CONTINUED)

#### Reconciliation of accrued liability values:

Present value of fund obligation at the beginning of the year	
Interest Cost	
Benefits Paid	
Total expenses	
Actuarial (gains) / losses	
Present value of fund obligation at the end of the year	

2017	2016
R	R
788 018	1 065 163
57 014	72 281
(163 970)	(205 359)
679 053	932 085
(46 149)	(146 047)
632 904	786 018

#### Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		632 904	
Pension Increase rate	+1%	680 606	4%
Pension Increase rate	-1%	607 131	-4%
Discount Rate	+1%	606 616	-4%
Discount Rate	-1%	659 402	4%
Post-retirement mortality	- 1 yr	664 357	5%

### 4.2 Retirement Funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

#### Cape Joint Pension Fund

The contribution rate payable is 8% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position.

Contributions paid recognised in the Statement of Financial Performance

2017	2016
R	R
150 002	123 118

#### Cape Retirement Fund

The contribution rate payable is 8% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position.

Contributions paid recognised in the Statement of Financial Performance

14 838 074	15 469 966
------------	------------

#### Defined Contribution Plans

Council contribute to the Municipal Council Pension Fund which is a defined contribution fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

161 842	18 522
---------	--------

### 4.3 EMPLOYEE BENEFITS - RECEIVABLE

Department of Transport: Roads - Post Employment Health Care Benefits (Note 4.1.1) - At amortised cost  
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 4.1.3) - At amortised cost  
Department of Transport: Roads - Long Service Awards (Note 4.1.2) - At amortised cost

55 128 352	55 315 202
436 092	465 730
5 776 244	5 361 686

Less: Current portion transferred to current employee benefits receivable

61 341 688	61 172 618
3 805 368	3 165 074

Department of Transport: Roads - Post Employment Health Care Benefits (Note 4.1.1) - At amortised cost  
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 4.1.3) - At amortised cost  
Department of Transport: Roads - Long Service Awards (Note 4.1.2) - At amortised cost

2 844 700	2 483 232
94 691	102 289
866 007	608 673

Total

57 530 320	57 977 544
------------	------------

#### DEPARTMENT OF TRANSPORT: ROADS

The Employee Benefits: Roads Receivable relates to the provision for post-retirement health benefits, long service awards and ex-gratia pension benefits made in respect of employees directly appointed for Roads Function performed on an agency basis on behalf of the Provincial Administration: Western Cape.

In terms of the agreement between the Western Cape Provincial Government and past practice, Provincial Government funds will be made available to maintain the approved organogram of the Roads department, including all employee post retirement benefits. The future claim for the provision for retirement benefits has therefore been raised as a long term debtor. The carrying amount of these assets approximates their fair value.

A technical query has been lodged with the Office of the Auditor General, National Treasury and Provincial Treasury with regards to the ownership of the post employment benefits of the Roads' Agency Function.

### NON-CURRENT PROVISIONS

Provision for Alleviation of Alien Vegetation on Council Properties  
Less current portion transferred to Current Provisions - Note 7

#### Total Non-Current Provisions

##### Clearing of Alien Vegetation

Balance 1 July  
Increase / (Decrease) in the provision for the year

#### Total provision 30 June

Less current portion transferred to Current Provisions - Note 7

Balance 30 June

2017	2016
R	R
3 701 447	4 975 178
(759 167)	(2 375 823)
2 942 280	2 599 355
4 975 178	5 429 483
(1 273 731)	(454 305)
3 701 447	4 975 178
(759 167)	(2 375 823)
2 942 280	2 599 355



# EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 5 NON-CURRENT PROVISIONS (CONTINUED)

These provision is made in order to enable the District Municipality to be in a position to fulfil its known legal obligation when it becomes due and payable.

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on National Treasury's inflation rate indicator. The following rate was used - 6.4% (2016 - 6.4%)

There was no expenditure incurred for the current or prior financial years.

### 6 CURRENT EMPLOYEE BENEFITS

Performance Bonuses  
Provision for Staff Leave  
Provision for Staff Bonus  
Roads - Provision for Staff Leave  
Roads - Provision for Staff Bonus

Current Portion of Employee Benefit Provisions - Note 4  
Current Portion of Employee Benefit Provisions - Roads - Note 4

Provision Shift Allowances  
Provision for Leave days paid  
Roads - Provision for Leave days paid

**Total Provisions**

2017 R	2016 R
478 536	515 015
7 510 365	7 108 640
2 844 303	2 558 742
4 256 217	4 305 878
2 003 271	1 616 654
8 696 027	7 311 050
<b>4 890 859</b>	<b>4 115 976</b>
<b>3 805 368</b>	<b>3 196 074</b>
1 033 741	1 082 500
737 176	737 176
208 651	208 651
<b>28 068 286</b>	<b>25 643 306</b>

30-Jun-17  
Balance at beginning of year  
Overprovision previous year  
Utilised during the year  
Contributions/ (Reversal) to/of provision - current year provision  
**Balance at end of year**

<u>Roads - Performance Bonus</u>	<u>Performance Bonus</u>
-	515 015
-	(6 804)
-	(508 211)
-	478 536
-	<b>478 536</b>

30-Jun-16  
Balance at beginning of year  
Overprovision previous year  
Utilised during the year  
Contributions to provision - current year provision  
**Balance at end of year**

-	481 322
-	(61 884)
-	(419 436)
-	515 015
-	<b>515 015</b>

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the Council. There is no possibility of reimbursement.

30-Jun-17  
Balance at beginning of year  
Overprovision previous year  
Contributions to provision - current year provision  
Utilised during the year  
**Balance at end of year**

<u>Roads - Staff Leave</u>	<u>Staff Leave</u>
4 305 878	7 108 640
-	-
421 340	1 447 887
(471 001)	(746 162)
<b>4 256 217</b>	<b>7 810 365</b>

30-Jun-16  
Balance at beginning of year  
Underprovision previous year  
Contributions to provision - current year provision  
Utilised during the year  
**Balance at end of year**

4 140 430	6 750 938
-	(530 683)
898 368	1 794 675
(730 940)	(908 291)
<b>4 305 878</b>	<b>7 108 640</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

30-Jun-17  
Balance at beginning of year  
Contributions to provision - current year provision  
Utilised during the year  
**Balance at end of year**

<u>Roads - Staff Bonus</u>	<u>Staff Bonus</u>
1 615 854	2 558 742
3 354 116	4 700 525
(3 166 501)	(4 414 964)
<b>2 003 271</b>	<b>2 844 303</b>

30-Jun-16  
Balance at beginning of year  
Contributions to provision - current year provision  
Utilised during the year  
**Balance at end of year**

1 757 804	2 406 795
3 226 916	601 022
(3 199 068)	(462 076)
<b>1 815 654</b>	<b>2 558 742</b>





# EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 6 CURRENT EMPLOYEE BENEFITS (CONTINUED)

Bonuses are being paid to all municipal staff, excluding section 67 Managers. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to Note 4 to the Financial Statements, Other Defined Benefit Plan information

Provision Shift Allowances  
Balance at beginning of year  
Contributions to provision - current year provision  
Expenditure incurred

Balance at end of year

2017 R	2016 R
1 082 500	1 237 618
(48 759)	(155 118)
1 033 741	1 082 500

30-Jun-17  
Balance at beginning of year  
Contributions to provision - current year provision  
Balance at end of year

Roads - Leave Days Paid	Leave Days Paid
208 650	737 176
208 650	737 176

30-Jun-16  
Balance at beginning of year  
Underprovision previous year  
Contributions to provision - current year provision  
Balance at end of year

110 830	412 887
97 821	324 280
208 650	737 176

### 7 PROVISIONS

Current Portion of Alleviation of Alien Vegetation

Total Provisions

758 167	2 375 823
758 167	2 375 823

### 8 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables

Balance previously reported  
Correction of provision for Trade Payables - Note 40.2

Other creditors

Balance previously reported  
Correction of provision for Trade Payables - Note 40.2

Public Holiday Payments

Deposits

Deposits: Swartvlei  
Deposits: Victoria Bay  
Deposits: Calitzdorp Spa  
Deposits: De Hoek

Retention Creditors

Roads - Payment Received In Advance

Roads - Other creditors

Government subsidies: Department of Transport - Roads

Debtors with credit balances

Total Trade and Other Payables from Exchange Transactions

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

### 9 UNSPENT TRANSFERS AND SUBSIDIES

Unspent Transfers and Subsidies

National Government Grants

Provincial Government Grants

Other Grant Providers

Balance previously reported

Correction of Unspent Grant: Department of Land Affairs - Note 3

Correction of creditor provision of previous year - Note 3

Less: Unpaid Transfers and Subsidies

National Government Grants

Other Grant Providers

Total Transfers and Subsidies

See Annexure B for a reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The District Municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

### 10 TAXES

VAT Receivable

VAT is payable on the payment basis. Only once payment is received from debtors VAT is paid over to SARS.

4 389 185	2 741 921
-	1 815 295
-	1 126 626
1 804 858	1 482 559
-	1 641 344
-	(178 785)
310 789	310 789
1 586 194	1 241 586
778 070	612 298
310 531	235 055
225 997	149 478
251 697	244 758
165 832	-
1 000 000	1 000 000
1 816 888	2 338 704
-	3 493 204
182 514	65 032
11 215 808	12 653 795

4 534 880	17 489 363
524 410	15 021 377
78 212	1 229 430
3 932 249	1 238 556
-	1 288 889
-	(28 433)
-	(20 000)
263 822	294 510
252 822	294 510
-	-
4 282 258	17 194 852

2017 R	2016 R
2 751 044	33 045
2 751 044	33 045



EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

11 PROPERTY PLANT & EQUIPMENT

30 JUNE 2017

Reconciliation of Carrying Value

	Cost					Accumulated Impairments					Accumulated Depreciation				
	Opening Balance	Class Transfer	Opening Balance (after class transfers)	Additions	Disposals	Class Transfer	Closing Balance	Opening Balance	Additions	Reversal	Disposal	Closing Balance	Opening Balance (after class transfers)	Class Transfer	Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Infrastructure	104 489	-	104 489	-	-	-	104 489	-	-	-	-	-	39 642	-	43 928
Roads and Streets	104 489	-	104 489	-	-	-	104 489	-	-	-	-	-	39 642	-	43 928
Community Assets	1 101 242	-	1 101 242	53 624	-	-	1 154 866	-	-	-	-	-	288 108	-	330 973
Caravan Parks	1 101 242	-	1 101 242	53 624	-	-	1 154 866	-	-	-	-	-	288 108	-	330 973
Land and Buildings	289 526 708	-	289 526 708	3 034 209	-	-	302 560 917	158 756 563	-	-	-	158 756 563	13 156 686	-	13 811 975
Land	250 932 938	-	250 932 938	-	-	-	250 932 938	157 078 000	-	-	-	157 078 000	-	-	83 854 938
Buildings	48 595 770	-	48 595 770	3 034 209	-	-	51 629 979	1 678 563	-	-	-	1 678 563	13 156 686	-	36 069 411
Other Assets	38 136 638	-	38 136 638	2 732 801	630 234	-	38 239 203	23 644	73 431	-	-	97 075	23 628 135	-	25 022 682
Office Equipment	2 920 871	-	2 920 871	35 557	4 297	-	2 960 725	-	39 577	-	-	39 577	1 729 662	-	1 862 378
Furniture and Fittings	4 827 364	-	4 827 364	580 600	61 663	-	5 349 627	-	7 146	-	-	7 146	3 466 313	-	3 663 450
Bins and Containers	398 401	-	398 401	-	-	-	398 401	-	-	-	-	-	288 357	-	309 172
Emergency equipment	1 712 577	-	1 712 577	-	-	-	1 712 577	-	7 548	-	-	7 548	1 263 442	-	1 293 442
Motor Vehicles	5 080 708	-	5 080 708	136 905	306 460	-	5 418 073	-	1 801	-	-	1 801	3 038 379	-	3 041 432
Fire Engines	5 775 627	-	5 775 627	-	-	-	5 775 627	-	1 893	-	-	1 893	2 832 370	-	2 863 370
Computer Equipment	8 751 607	-	8 751 607	1 390 337	49 021	-	10 181 965	23 644	-	-	-	23 644	6 248 177	-	6 291 821
Plant and Equipment	1 638 358	-	1 638 358	189 720	9 228	-	1 837 306	-	5 848	-	-	5 848	1 233 459	-	1 341 821
Disaster Management Equipment	4 532 105	-	4 532 105	398 682	-	-	5 231 787	-	9 728	-	-	9 728	4 469 844	-	4 631 463
	338 871 077	-	338 871 077	5 820 634	630 234	-	345 081 478	158 756 207	73 431	-	-	158 853 638	37 112 761	-	39 279 555
															143 828 281

30 JUNE 2016

Reconciliation of Carrying Value

	Cost					Accumulated Impairments					Accumulated Depreciation				
	Opening Balance	Class Transfer	Opening Balance (after class transfers)	Additions	Disposals	Class Transfer	Closing Balance	Opening Balance	Additions	Reversal	Disposal	Closing Balance	Opening Balance (after class transfers)	Class Transfer	Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Infrastructure	104 489	-	104 489	-	-	-	104 489	-	-	-	-	-	34 969	-	39 642
Roads and Streets	104 489	-	104 489	-	-	-	104 489	-	-	-	-	-	34 969	-	39 642
Community Assets	1 021 225	-	1 021 225	80 017	-	-	1 101 242	-	-	-	-	-	245 175	-	288 108
Caravan Parks	1 021 225	-	1 021 225	80 017	-	-	1 101 242	-	-	-	-	-	245 175	-	288 108
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Art Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land and Buildings	298 555 107	-	298 555 107	35 601	82 000	-	298 528 708	158 756 563	-	-	-	33 000	12 429 477	-	13 156 886
Land	250 934 938	-	250 934 938	-	82 000	-	250 932 938	157 111 000	-	-	-	33 000	12 429 477	-	33 760 311
Balance previously reported	250 934 938	-	250 934 938	-	82 000	-	250 932 938	157 111 000	-	-	-	33 000	12 429 477	-	33 760 311
Buildings	48 590 169	-	48 590 169	35 601	-	-	48 585 770	1 678 563	-	-	-	1 678 563	12 429 477	-	13 156 886
Balance previously reported	48 590 169	-	48 590 169	35 601	-	-	48 585 770	1 678 563	-	-	-	1 678 563	12 429 477	-	13 156 886

AUDITOR-GENE

2017-11-30

SOUTH AFRICA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**11 PROPERTY PLANT & EQUIPMENT (CONTINUED)**[illegible]

The leased property, plant and equipment is secured as set out in Note 3.

**EDEN DISTRICT MUNICIPALITY**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**
**11**
**PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**
**11.1 Expenditure incurred to repair and maintain Property, Plant and Equipment:**

Employee related costs  
Other materials  
Contracted Services  
Other Expenditure

**Total Repairs and Maintenance**

**2017  
R**
**2016  
R**

143 724

2 441 709

1 096 884

**3 682 318**

134 866

1 658 121

1 318 268

**3 011 255**

**Assets pledged as security:**

The leased property, plant and equipment is secured as set out in Note 3.

**Third party payments received for losses incurred:**

Payments received (Excluding VAT)  
Carrying value of assets written off/lost  
Surplus/Deficit

213 141

(268 960)

**(55 818)**

60 125

(160 849)

**(100 723)**

**Impairment of property plant and equipment**

Impairment charges on Property, plant and equipment recognised in statement of financial performance

Land and Buildings  
Infrastructure  
Community Assets  
Lease Assets  
Heritage  
Other

73 431

**73 431**

**Effect of changes in accounting estimates**

During the current year useful lives of assets were re-assessed to ensure that assets' useful lives accurately reflect the remaining useful lives that each asset will be utilised by Eden District Municipality. The effect on the current as well as future periods are as follows:

**2017  
R**
**2018  
R**
**2019  
R**

Decrease in Accumulated Depreciation: Property, plant and equipment

(56 967)

(117 466)

(182 522)

**Additional disclosure matter:**

**Transfer of property to local (B) Municipalities:**

**Plan to transfer not yet finalised:**

On 25 May 2016 a Council Resolution was taken to transfer portion 119 farm 60 Callitxorp to Kennaland Municipality and portion 0 of farm 106 Kraalbosch to George Municipality. In 2016 the previously elected Council resolved to place the transfer of the Victoria Bay to George Municipality and Callitxorp Spa to Kennaland Municipality on hold. The newly inaugurated Council can take a decision whether these properties must be transferred. At reporting date the plan to transfer the property was not yet finalised.

The carrying value of possible affected properties as at the reporting date is estimated at:

- Land R13 113 600  
- Buildings R4 040 369

**Disputed properties:**

The Municipality embarked on a process to dispose some of its land and buildings located within the District. Some of the local (B) municipalities have disputed that these properties can in fact be disposed since it was supposed to be transferred to them because the assets were supposed to follow the function and since Eden are not fulfilling some of these anymore the local municipalities are claiming these properties. The Municipality intends to dispute this claim.

The carrying value of possible affected properties as at the reporting date is estimated at:

- Land R37 602 251  
- Buildings R 728 025

**12**
**INVESTMENT PROPERTY**

**Net Carrying amount at 1 July**

Cost - Buildings  
Cost - Land

Accumulated Impairments - Buildings  
Accumulated Impairments - Land

Class Transfers - Land

Accumulated Depreciation - Buildings

Impairments - Land

Impairments - Buildings

Depreciation for the year

Disposals: Accumulated depreciation - Buildings

Disposals: Cost - Buildings

Disposals: Cost - Land

Transfer of functions to George Municipality: Accumulated Depreciation

Depreciation written back on disposal

**Net Carrying amount at 30 June**

Cost - Buildings

Cost - Land

Accumulated Impairments - Buildings

Accumulated Impairments - Land

Accumulated Depreciation - Buildings

**2017  
R**
**2016  
R**

85 044 052

85 780 967

7 456 559

165 858 856

(619 229)

(84 881 250)

-

(2 169 965)

-

-

(112 185)

-

-

-

-

-

-

**85 532 767**

**85 044 052**

7 456 559

165 858 856

(619 229)

(84 881 250)

-

(2 282 170)

(2 053 949)

During the current year useful lives of assets were re-assessed to ensure that assets' useful lives accurately reflect the remaining useful lives that each asset will be utilised by Eden District Municipality. The effect on the current as well as future periods are as follows:

**Effect of changes in accounting estimates**

Decrease in Accumulated Depreciation: Investment Property

**2017  
R**

**2018  
R**

**2019  
R**

50

# EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### INVESTMENT PROPERTY (CONTINUED)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Investment property or for repairs, maintenance or enhancements.

Additional disclosure matter

The Municipality embarked on a process to dispose some of its land and buildings located within the District. Some of the local (B) municipalities have disputed that these properties can in fact be disposed since it was supposed to be transferred to them because the assets were supposed to follow the function and since Eden are not fulfilling some of these anymore the local municipalities are claiming these properties. The Municipality intends to dispute this claim and are awaiting the outcome of the technical query lodged during 2014/2015.

The carrying value of possible affected properties as at the reporting date is estimated at:

- Land - Investment Properties R29 040 000
- Buildings - Investment Properties R718 050

#### Other Disputes:

A legal dispute has been lodged against the Eden District Municipality by Mr Keyser regarding Farm 32 George Doomdrift regarding the ownership of the property. At this stage, Eden District Municipality is awaiting correspondence from the applicants attorney Mr James King form Oudtshoorn.

- Land - Investment Properties R29 040 000
- Buildings - Investment Properties R87 293

### INTANGIBLE ASSETS

#### Cost

Opening Balance on 1 July  
Acquisitions for the year - At cost  
Disposals

Less: Accumulated Impairments

Opening Balance on 1 July  
Impairments for the year

Less: Accumulated Amortisation

Opening Balance on 1 July  
Amortisation for the year  
Disposals

#### Total Intangible Assets

During the current year useful lives of assets were re-assessed to ensure that assets' useful lives accurately reflect the remaining useful lives that each asset will be utilised by Eden District Municipality. The effect on the current as well as future periods are as follows:

No intangible asset were assessed having an indefinite useful life.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

### NON-CURRENT INVESTMENTS

Unlisted

KKLK shares and Loan Account - Held at amortised cost through profit and loss

#### Total Unlisted

#### Total Investments

#### Council's valuation of unlisted investments

KKLK shares

### INVENTORY

Consumable Stores - at cost

#### Total Inventory

Consumable stores materials written down due to losses as identified during the annual stores counts.

Consumable stores materials surpluses identified during the annual stores counts.

Inventory recognised as an expense during the year

Inventory issued during the year:

Inventory issued during the year and included in expenses:

#### Eden

Contracted services

General expenses: Domestic expenses

General expenses: Entertainment

General expenses: Plant

General expenses: Printing and stationery

General expenses: Protective Clothing

General expenses: Disposable Equipment

Repairs and Maintenance

General expenses: Training

#### Roads

Operating expenditure: Domestic expenses

Operating expenditure: Material

Operating expenditure: Plant

Operating expenditure: Printing and stationery

Operating expenditure: Protective Clothing

Operating expenditure: Repairs and Maintenance

2017  
R

2016  
R

5 388 572

5 030 886

5 030 886

5 001 486

358 676

28 280

-

-

(120 385)

(120 385)

(120 385)

(120 385)

-

-

(3 451 051)

(3 050 107)

(3 050 107)

(2 570 587)

(301 954)

(479 510)

-

-

1 819 116

1 851 194

2017  
R

2016  
R

26 027

26 027

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2017  
R

2016  
R

3 131 451

3 365 246

3 131 451

3 365 246

-

-

1 110

65 579

13 535 882

13 052 114

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## EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017  
TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

## As at 30 June 2017

Service debtors	
Ambulance and Fire Fighting Fees	9 349 204
Councillors' Arrears (Refer to Note A on next page)	3 421 941
Rental Agreements	1 004 888
TASK Contributions and Atmospheric Licence Applications	1 823 227
Roads - Sundry debtors	373 113
<b>Total</b>	<b>15 972 153</b>

Gross Balances	Allowance for Bad Debts	Net Balances
	(5 814 719)	3 534 486
	(3 421 941)	-
	(945 639)	59 029
	(302 185)	1 521 042
	-	373 113
	(10 484 484)	5 487 669

## As at 30 June 2016

Service debtors	
Ambulance and Fire Fighting Fees	7 674 561
Councillors' Arrears	3 127 222
Rental Agreements	1 601 569
TASK Contributions and Atmospheric Licence Applications	31 122
Roads - Sundry debtors	824 459
<b>Total</b>	<b>13 158 933</b>

Gross Balances	Allowance for Bad Debts	Net Balances
	(5 801 693)	1 782 868
	(3 127 222)	-
	(724 567)	776 972
	-	31 122
	-	824 459
	(9 743 512)	3 415 421

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practice and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

## Note A:

According to GRAP 104, outstanding councillors' debtors have to be evaluated annually and impaired at year end if there is an indication of possible impairment. However a due process as provided for in Section 167(2)(b) and S32 of the Municipal Finance Management Act 56 of 2003 needs to be followed.

## Housing Rentals &amp; Rental Agreements: Ageing

## Current (0-30 days)

31 - 60 Days	54 959	158 880
61 - 90 Days	19 161	11 714
91 - 120 Days	35 357	11 714
121-365 Days	733 069	973 826
+ 365 Days	162 122	195 809

## Total

1 004 888	1 501 569
-----------	-----------

## Councillors' Arrears: Ageing

## Current (0-30 days)

31 - 60 Days	-	9 796
61 - 90 Days	-	-
91 - 120 Days	-	-
121-365 Days	2 809 686	2 802 584
+ 365 Days	612 256	514 841

## Total

3 421 941	3 127 222
-----------	-----------

## Ambulance and Fire Fighting Fees: Ageing

## Current (0-30 days)

31 - 60 Days	3 426 463	518 389
61 - 90 Days	-	-
91 - 120 Days	230 091	335 343
121-365 Days	4 566 537	6 082 439
+ 365 Days	1 126 113	738 391

## Total

9 349 204	7 674 561
-----------	-----------

## TASK Contributions and Atmospheric Licence Applications

## Current (0-30 days)

31 - 60 Days	1 774 597	9 796
61 - 90 Days	-	-
91 - 120 Days	30 000	-
121-365 Days	17 609	19 482
+ 365 Days	721	1 833

## Total

1 823 227	31 122
-----------	--------

## Roads - Sundry debtors

## Current (0-30 days)

31 - 60 Days	64 330	621 187
61 - 90 Days	30 487	21 696
91 - 120 Days	8 037	6 765
121-365 Days	8 528	4 509
+ 365 Days	177 983	4 509

## Total

373 113	824 459
---------	---------

## Reconciliation of the allowance for bad debt provision (Trade Receivables from exchange and Other Receivables from non-exchange)

## Balance at the beginning of the year

## Contributions to allowance: Exchange Receivables - Note 16

## Balance previously reported

## Correction of error - allocate to bad debts written off

## Contributions to allowance: Non-exchange Receivables - Note 17

## Balance previously reported

## Correction of error - allocate to bad debts written off

## Bad debts written off against the allowance

## Balance previously reported

## Correction of error - allocate to bad debts written off

## Balance at end of year

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

2017  
R

2016  
R

54 959	158 880
19 161	11 714
35 357	11 714
733 069	973 826
162 122	195 809

1 004 888	1 501 569
-----------	-----------

-	-
-	9 796
-	-
2 809 686	2 802 584
612 256	514 841

3 421 941	3 127 222
-----------	-----------

-	518 389
3 426 463	-
-	-
230 091	335 343
4 566 537	6 082 439
1 126 113	738 391

9 349 204	7 674 561
-----------	-----------

1 774 597	9 796
-	-
30 000	-
17 609	19 482
721	1 833

1 823 227	31 122
-----------	--------

64 330	621 187
30 487	21 696
8 037	6 765
8 528	4 509
177 983	4 509
83 750	165 790

373 113	824 459
---------	---------

10 846 371	4 303 466
199 063	5 677 622

-	7 147 174
-	(1 269 551)

259 415	665 282
---------	---------

-	670 079
-	(4 797)

-	-
---	---

-	(1 274 348)
-	1 274 348

11 304 849	10 846 371
------------	------------



# EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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### OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

As at 30 June 2017

Government subsidies: Department of Transport - Roads

Recoverable Debtor: Anti-fraud Hotline

Recoverable Debtor: DMA

Sundry debtors

Continued Members

Advances to Agencies

**Total Other Debtors**

Gross Balances	Allowance for Bad Debts	Net Balances
5 179 142	-	5 179 142
855	(171)	684
157 112	-	157 112
1 586 277	(591 756)	1 004 522
333 490	(236 436)	95 053
149 383	-	149 383
<b>7 406 280</b>	<b>(820 364)</b>	<b>6 585 916</b>

As at 30 June 2016

Recoverable Debtor: C Africa

Recoverable Debtor: Anti-fraud Hotline

Recoverable Debtor: DMA

Recoverable Debtor: NM Dengelele

Recoverable Debtor: JC Saayman

Sundry debtors

Balance previously reported

Correction of VAT on incomplete creditor provision - Note 40.4

Continued Members

Advances to Agencies

**Total Other Debtors**

Gross Balances	Allowance for Bad Debts	Net Balances
6 804	-	6 804
855	-	855
157 112	-	157 112
19 007	(19 007)	-
2 252	(2 252)	-
2 166 302	(680 406)	1 485 896
<b>2 045 276</b>	<b>(680 406)</b>	<b>1 364 870</b>
121 026	-	121 026
471 002	(401 191)	69 811
153 682	-	153 682
<b>2 677 015</b>	<b>(1 102 597)</b>	<b>1 574 418</b>

Recoverable Debtor: C Africa

+ 365 Days

**Total**

2017 R	2016 R
-	6 804
-	855
-	157 112
-	-
-	-
-	1 485 896
-	1 364 870
-	121 026
-	69 811
-	153 682
-	1 574 418

Recoverable Debtor: DMA

Current (0-30 days)

31 - 60 Days

61 - 90 Days

91 - 120 Days

121-365 Days

+ 365 Days

**Total**

2017 R	2016 R
-	-
-	-
-	-
-	-
-	-
-	22 036
-	135 076
-	157 112

17

### OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS (CONTINUED)

Recoverable Debtor: NM Dengelele

121-365 Days

**Total**

Recoverable Debtor: JC Saayman

61 - 90 Days

91 - 120 Days

+ 365 Days

**Total**

Sundry debtors

Current (0-30 days)

31 - 60 Days

61 - 90 Days

91 - 120 Days

121-365 Days

+ 365 Days

**Total**

Continued Members

Current (0-30 days)

31 - 60 Days

61 - 90 Days

91 - 120 Days

121-365 Days

+ 365 Days

**Total**

Recoverable Debtor: Anti-fraud Hotline

Current (0-30 days)

31 - 60 Days

**Total**

2017 R	2016 R
-	19 007
-	19 007
-	-
-	-
-	2 252
-	-
220 067	350 591
54 375	110 810
-	71 219
-	7 200
295 481	624 652
886 423	763 760
<b>1 465 325</b>	<b>1 958 231</b>
-	-
92 842	84 201
29 067	15 392
22 283	12 850
103 427	321 928
85 851	56 631
<b>333 490</b>	<b>471 002</b>
-	-
855	855
<b>855</b>	<b>855</b>

The District Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the District Municipality's trade receivables.

The fair value of other receivables approximate their carrying value.

The provision for doubtful debts on other debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.



# EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 OPERATING LEASE ARRANGEMENTS

18

### 18.1 The Municipality as Lessee

Balance on 1 July  
Movement during the year  
Balance on 30 June

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year  
1 to 5 Years  
More than 5 Years

This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure.

### 18.2 The Municipality as Lessor

Balance on 1 July  
Movement during the year  
Balance on 30 June

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year  
1 to 5 Years  
More than 5 Years

This operating lease income determined from contracts that have a specific condition income and does not include leases which has a undetermined conditional income.

2017 R	2016 R
1 170	21 616
(1 170)	(20 447)
-	1 170
-	15 200
-	-
-	15 200
57 256	80 500
(24 811)	(23 244)
32 445	57 256
19 041	812 781
13 404	459 650
-	-
32 445	1 072 731

19

## CASH AND CASH EQUIVALENTS

### Liabilities

Roads - Bank Account

### Assets

Call Investment Deposits  
Kryene Relief Fund  
Roads - Bank Account  
Short term deposits  
Cash  
Standard Bank Account

Balance previously reported  
Correction of refund from LA Retirement Fund - Note 40.3

### Total Cash and Cash Equivalents - Assets

The effective interest rate was 7.3% (2016: 6.4%).  
The Municipality has the following bank accounts:-

### Call Investment Deposits

Included in other deposits and bank balances are an amount of R2,702,143 (2016: R17,194,853 ) which is attributable to unspent grants and subsidies; and R27,728,377 (2016: R24,675,638) which is attributable to the Capital Replacement Reserve.

2017 R	2016 R
150 631	142 137
984 111	-
3 806 306	11 493 654
-	45 283 027
15 883	11 233
137 670 300	98 486 936
-	98 403 822
-	63 113
142 719 233	155 396 986





## EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017  
CASH AND CASH EQUIVALENTS (CONTINUED)

Current Account (Standard Bank Account)  
Standard Bank George Branch  
Account Number 08 083 263 000 0

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

Cash

2017  
R

2016  
R

96 403 822	13 267 136
137 670 300	98 403 822
98 634 245	13 652 653
137 590 406	98 634 245
15 883	11 233

Current Account (Standard Bank Account) - Roads  
Standard Bank George Branch  
Account Number 08 083 263 600 0

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

11 493 654	7 426 081
3 888 308	11 493 654
11 336 422	7 245 556
3 711 227	11 336 422

Call Investment Deposits  
ABSA George Branch  
Account Number 91 8228 2703

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

8 454	8 089
8 882	8 454
8 454	8 089
8 882	8 454

Standard Bank George Branch  
Account Number 48872744647

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

133 683	126 128
141 749	133 683
133 683	126 128
141 749	133 683

Short term deposits

Standard Bank George Branch  
Account Number 48872744654

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

-	22 500 000
-	-
-	22 500 000
-	-

First National Bank George Branch  
Account Number 74541833323

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

45 283 027	22 572 123
-	45 283 027
45 283 027	22 572 123
-	45 283 027

Abesa Bank George Branch  
Account Number 2075441485

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

-	22 575 205
-	-
-	22 575 205
-	-

Nedbank George Branch  
Account Number 7881073772

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

-	22 576 562
-	-
-	22 576 562
-	-

Interest earned for the year on the short term investments

12 826 667 10 792 549

## GOVERNMENT GRANTS AND SUBSIDIES

## Unconditional

Equitable Share

## Conditional

Grants and Donations

Balance previously reported

Correction of provision for Trade Payables - Note 40.5

Subsidies

## Total Government Grants and Subsidies

Government Grants and Subsidies - Operating

Government Grants and Subsidies - Capital

## Total Government Grants and Subsidies

2017  
R

2016  
R

142 083 379	138 902 000
5 453 401	21 435 187
5 453 401	21 435 187
-	21 435 187
-	20 000
-	-
147 546 780	160 337 187
147 546 780	159 793 112
-	644 075
147 546 780	160 337 187



# EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

	2017 R	2016 R
<b>20.1</b> <u>Equitable Share</u>		
Opening balance	-	-
Grants received	142 063 379	138 902 000
VAT on Grants	-	-
Conditions met - Operating	(142 063 379)	(138 902 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
<b>20.2</b> <u>Municipal Systems Improvement Grant (MSIG)</u>		
Opening balance	9 516	1 708
Grants received	-	930 000
VAT on Grants	-	(113 252)
Repaid to National Revenue Fund	(9 516)	-
Conditions met - Operating	-	(371 339)
Conditions met - Capital	-	(437 601)
Conditions still to be met	-	9 516
The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
<b>20.3</b> <u>Local Government Financial Management Grant (FMG)</u>		
Opening balance	(26 242)	-
Grants received	1 250 000	1 250 000
VAT on Grants	(53 276)	(84 272)
Conditions met - Operating	(1 171 483)	(1 084 497)
Conditions met - Capital	-	(108 474)
Conditions still to be met	1	(25 242)
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
<b>20.4</b> <u>Electricity Demand Side Management</u>		
Opening balance	5 387 955	5 309 964
Grants received	-	-
VAT on Grants	-	(3 933)
Repaid to National Revenue Fund	(5 387 955)	-
Conditions met - Operating	-	(28 006)
Conditions met - Capital	-	-
Conditions still to be met	-	5 387 955
Grant utilised for energy efficiency investigation within the region.		
<b>20.5</b> <u>Dpt Land Affairs: District Assessment Committee</u>		
Opening balance	-	49 343
Correction of Error	-	(28 433)
Grants received	-	-
VAT on Grants	-	(2 568)
Conditions met - Operating	-	(18 342)
Conditions met - Capital	-	-
Conditions still to be met	-	-
Grant utilised to assess the land affairs within the region.		
<b>20.6</b> <u>LEGSA: Re-imbursements</u>		
Opening balance	480 910	632 548
Grants received	157 284	214 328
VAT on Grants	-	-
Conditions met - Operating	-	(385 964)
Conditions met - Capital	-	-
Conditions still to be met	638 194	480 910
Grant is utilised for training purposes of municipal staff.		
Grant utilised of building sub-roads for bicycles and pedestrians.		
<b>20.7</b> <u>Bucket system Elimination Schools/Clinic</u>		
Opening balance	76 317	76 317
Grants received	-	-
VAT on Grants	-	-
Repaid to National Revenue Fund	(76 317)	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	76 317
Grant utilised for replacing bucket system with VIP toilets.		
<b>20.8</b> <u>Expanded Public Works Incentives</u>		
Opening balance	(16 646)	-
Grants received	1 000 000	1 005 000
VAT on Grants	(6 180)	(2 180)
Conditions met - Operating	(978 174)	(1 019 486)
Conditions met - Capital	-	-
Conditions still to be met	(0)	(16 646)
The grant is utilised for job creation.		
<b>20.9</b> <u>Task Contributions - Municipalities</u>		
Opening balance	152 169	201 804
Grants received	190 054	180 968
Debtor	-	-
VAT on Grants	-	-
Conditions met - Operating	(246 305)	(230 603)
Conditions met - Capital	-	-
Conditions still to be met	95 918	162 169
Grant utilised for the funding of the TASK unit.		



EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017  
GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

	2017 R	2016 R
<b>20.10 WC FMG Assistance</b>		
Opening balance	73 618	73 516
Grants received	-	-
VAT on Grants	-	-
Repaid to National Revenue Fund	(73 616)	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	73 516
<b>20.11 DWA: Abstraction Validation on Bkou</b>		
Opening balance	35 589	35 589
Grants received	-	-
VAT on Grants	-	-
Repaid to National Revenue Fund	(35 589)	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	35 589
<b>20.12 RBIG &amp; DBSA: Bulk Water Studies</b>		
Opening balance	633 910	633 910
Correction of error	-	-
Grants received	-	-
VAT on Grants	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	633 910	633 910
<b>20.13 Integrated Transport</b>		
Opening balance	652 742	1 938 559
Grants received	-	-
VAT on Grants	-	-
Repaid to National Revenue Fund	-	(167 907)
Conditions met - Operating	(652 742)	(1 127 910)
Conditions met - Capital	-	-
Conditions still to be met	-	652 742
<b>20.14 Municipal Disaster Recovery</b>		
Opening balance	7 367 185	1 824 945
Grants received	-	20 949 000
VAT on Grants	-	-
Repaid to National Revenue Fund	(7 367 185)	-
Conditions met - Operating	-	(15 306 790)
Conditions met - Capital	-	-
Conditions still to be met	-	7 367 185
<b>20.15 Mandela Memorial Celebrations</b>		
Opening balance	136 250	136 250
Grants received	-	-
VAT on Grants	-	-
Repaid to National Revenue Fund	(136 250)	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	136 250
<b>20.16 Braille Project</b>		
Opening balance	11 645	11 645
Grants received	-	-
VAT on Grants	-	-
Repaid to National Revenue Fund	(11 645)	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	11 645
<b>20.17 WC FMG Allocations</b>		
Opening balance	214 938	403 952
Grants received	220 000	650 000
VAT on Grants	(27 018)	(66 195)
Repaid to National Revenue Fund	(110 024)	(300 000)
Conditions met - Operating	(287 897)	(472 819)
Conditions met - Capital	-	-
Conditions still to be met	-	214 938
<b>20.18 Nelson Mandela Biosphere Reserve Project</b>		
Opening balance	-	38 000
Correction of error	-	(20 000)
Grants received	-	110 000
VAT on Grants	-	-
Conditions met - Operating	-	(128 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-
<b>20.19 Study: Implementation Alternative Solid Waste Tech</b>		
Opening balance	-	(307 960)
Grants received	-	588 600
VAT on Grants	-	(34 476)
Conditions met - Operating	-	(246 255)
Conditions met - Capital	-	-
Conditions still to be met	-	-



EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

	2017 R	2016 R
<b>20.20 RGE &amp; Bulk and Waste Water Infrastructure</b>		
Opening balance	(252 622)	(252 622)
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	(252 622)	(252 622)
<b>20.21 Rural Roads Asset Management Systems</b>		
Opening balance	2 276 721	-
Grants received	2 364 000	2 283 000
VAT on Grants	(136 919)	(671)
Repaid to National Revenue Fund	(2 276 721)	-
Conditions met - Operating	(1 000 062)	(5 708)
Conditions met - Capital	-	-
Conditions still to be met	524 419	2 276 721
<b>20.22 WCFMG:GRADUATE INTERNSHIP</b>		
Opening balance	-	-
Grants received	60 000	-
VAT on Grants	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	60 000	-
<b>20.23 Knyene Relief Fund</b>		
Opening balance	-	-
Grants received	984 111	-
VAT on Grants	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	984 111	-
<b>20.24 WC FMG: Financial Management System mSCOA (External Municipal Bursary Programme)</b>		
Opening balance	-	-
Grants received	120 000	-
VAT on Grants	(679)	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(101 108)	-
Conditions met - Capital	-	-
Conditions still to be met	18 213	-
<b>20.25 Regional Landfill Site</b>		
Opening balance	2 312 619	-
Grants received	-	-
VAT on Grants	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(732 703)	-
Conditions met - Capital	-	-
Conditions still to be met	1 580 117	-
<b>20.26 TOTAL GRANTS</b>		
Opening balance	17 194 651	10 897 468
Correction of Error - Note 33.8 & 33.4	-	(48 433)
Repaid to National Revenue Fund	(16 117 460)	(300 000)
Grants received	150 751 648	166 962 984
Debtor	-	-
VAT on Grants	(226 071)	(465 353)
Conditions met - Operating	(147 320 710)	(169 307 759)
Conditions met - Capital	-	(544 075)
Conditions still to be met	4 262 259	17 194 651

See Annexure B for detailed summary of unspent grants and subsidies.

Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

Disclosed as follows:

Unspent Conditional Government Grants and Receipts

Unpaid Conditional Government Grants and Receipts

Total

4 534 882	17 489 364
(252 622)	(284 510)
<b>4 282 260</b>	<b>17 194 854</b>

21 DEPARTMENT OF TRANSPORT - ROADS SERVICES CHARGES

Department of Transport - Roads Service Charges  
Income for agency services

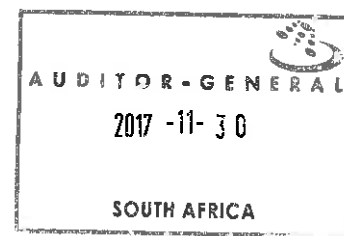
2017 R	2016 R
144 449 812	145 198 611
16 191 626	16 533 686
<b>159 611 440</b>	<b>160 732 296</b>

Income for agency services is determined at a rate of 3% on re-surfacing and the rest at 12% of the allocated amount.

22 SALES OF GOODS AND RENDERING OF SERVICES

Cell Centre Mosselbay  
Fire Fighting fees  
Health Claims  
Hotline Income  
Resorts  
Tariffs And Penalties: Health  
Total Sales of Goods and Services

2017 R	2016 R
-	653 165
3 507 154	3 611 615
549 853	342 618
15 000	17 780
6 992 860	6 562 114
233 523	242 199
<b>11 296 390</b>	<b>11 529 501</b>



**EDEN DISTRICT MUNICIPALITY**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**
**23**
**OPERATIONAL REVENUE**

	2017 R	2016 R
Contribution Shop Steward	7 000	602 980
Donations	258	20 801
Greenest Municipality Award	130 000	130 000
IT Shared Services District	163 628	-
Legal fees recovered	360 000	277 508
Sundry Income	1 046 963	497 559
Balance previously reported	-	434 446
Correction of error - Refund received from LA Retirement Fund - Note 40.3	-	63 113
<b>Total Operational Revenue</b>	<b>1 707 847</b>	<b>1 526 987</b>

**24**
**OTHER INCOME**

	2017 R	2016 R
Call Centre Mosselbay	-	-
Balance previously reported	-	553 165
Correction of error - Transferred to Sale of Goods and Services - Note 22	-	(553 165)
Donations	-	-
Balance previously reported	-	20 801
Correction of error - Transferred to Operational Revenue - Note 23	-	(20 801)
Fire Fighting fees	-	-
Balance previously reported	-	3 811 615
Correction of error - Transferred to Sale of Goods and Services - Note 22	-	(3 811 615)
Greenest Municipality Award	-	-
Balance previously reported	-	130 000
Correction of error - Transferred to Operational Revenue - Note 23	-	(130 000)
Health Claims	-	-
Balance previously reported	-	342 618
Correction of error - Transferred to Sale of Goods and Services - Note 22	-	(342 618)
Hotline Income	-	-
Balance previously reported	-	17 790
Correction of error - Transferred to Sale of Goods and Services - Note 22	-	(17 790)
Legal fees recovered	-	-
Balance previously reported	-	-
Correction of error - Transferred to Operational Revenue - Note 23	-	-
Resorts	-	-
Balance previously reported	-	6 562 114
Correction of error - Transferred to Sale of Goods and Services - Note 22	-	(6 562 114)
Sundry Income	-	-
Balance previously reported	-	497 559
Correction of error - Transferred to Operational Revenue - Note 23	-	(497 559)
Tariffs And Penalties: Health	-	-
Balance previously reported	-	242 199
Correction of error - Transferred to Sale of Goods and Services - Note 22	-	(242 199)
<b>Total Other Income</b>	<b>-</b>	<b>-</b>

**25**
**EMPLOYEE RELATED COSTS**

	2017 R	2016 R
Basic Salaries and Wages	85 594 237	65 378 046
Overtime	2 631 218	1 390 901
Bonuses	478 536	453 131
Housing Allowances	802 614	797 294
Motor Vehicle Allowance	6 166 705	6 464 918
Cellphone Allowance	5 700	5 000
Other benefits and allowances	2 651 991	2 091 683
Medical Aid Contributions	9 021 763	8 315 518
Payments in lieu of leave	6 126 615	6 110 369
Pension and UIF Contributions	10 662 149	9 562 541
Contribution to provision - Post Retirement Medical	4 803 425	4 970 492
Contribution to provision - Long Service Awards	1 124 636	901 262
Contribution to provision - Ex-gratia pensions	(40 689)	(57 404)
<b>Total Employee Related Costs</b>	<b>110 028 601</b>	<b>106 381 721</b>
Employee related costs- Salaries and Wages	85 598 056	63 186 962
Employee related costs - Contribution for UIF, pensions and medical aids	21 181 707	19 026 818
Grant funded employee related costs	-	2 189 084
Travel, motor car, accommodation, subsistence and other allowances	7 226 601	7 173 823
Housing benefits and allowances	802 614	797 294
Overtime payments	2 627 399	1 390 901
Performance bonus	478 536	453 131
Re-allocation costs	-	240 000
Leave Payment	1 447 887	1 588 284
Leave Bonus	4 678 729	4 522 075
Increase in Provision for Health Care Benefits	4 803 425	4 970 492
Increase in Provision for Long Service Awards	1 124 636	901 262
Decrease in Provision for Ex-Gratia Pensions	(40 689)	(57 404)
<b>Total Employee Related Costs</b>	<b>110 028 601</b>	<b>106 381 722</b>



# EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 REMUNERATION OF KEY MANAGEMENT PERSONNEL

### Remuneration of the previous Municipal Manager (G Louw)

Basic Salary
Pension and UIF Contributions
Medical Aid Contributions
Performance Bonus
Motor Vehicle Allowance
Cellphone Allowance
Other benefits and allowances
Payments in lieu of leave
Post-retirement benefit obligations

Total

2017 R 8 Months	2016 R 12 Months
741 864	1 164 553
38 977	115 923
23 208	-
206 006	192 529
133 180	209 929
7 145	12 000
2 647	-
62 829	-
133 319	-
1 346 974	1 694 934

### Remuneration of the current Municipal Manager (MG Stru)u

Basic Salary
Pension and UIF Contributions
Medical Aid Contributions
Performance Bonus
Motor Vehicle Allowance
Cellphone Allowance
Other benefits and allowances
Post-retirement benefit obligations

Total

2017 R 3 Months	2016 R 12 Months
374 020	-
28 217	-
32 952	-
-	-
107 075	-
24 000	-
13 453	-
2 760	-
582 477	-

### Remuneration of Executive Manager Finance: L Hook

Basic Salary
Annual Bonus
Pension and UIF Contributions
Medical Aid Contributions
Motor Vehicle Allowance
Cellphone Allowance
Other benefits and allowances

Total

2017 R 12 Months	2016 R 12 Months
767 420	704 520
62 970	68 883
150 511	174 503
71 952	-
134 821	129 682
11 040	11 040
1 328	-
1 200 042	1 088 609

### Remuneration of the Executive Manager Corporate/Strategic Services: B Holtshausen

Basic Salary
Annual Bonus
Pension and UIF Contributions
Medical Aid Contributions
Motor Vehicle Allowance
Cellphone Allowance
Other benefits and allowances
Post-retirement benefit obligations

Total

2017 R 12 Months	2016 R 12 Months
869 536	810 503
33 000	30 000
170 782	147 782
154 504	113 455
117 947	122 494
16	-
1 907	-
65 202	-
1 442 862	1 224 214

### Remuneration of the Executive Manager Community Services: C Africa

Basic Salary
Pension and UIF Contributions
Medical Aid Contributions
Performance Bonus
Motor Vehicle Allowance
Cellphone Allowance
Housing Allowances
Other benefits and allowances
Payments in lieu of leave

Total

2017 R 12 Months	2016 R 12 Months
977 821	788 045
114 628	158 823
59 856	-
147 701	113 455
88 658	94 964
2 061	5 931
84 000	84 000
17 323	-
86 679	-
1 576 527	1 245 218

### Remuneration of the Executive Manager Roads: JC Ottervanger

Basic Salary
Annual Bonus
Pension and UIF Contributions
Medical Aid Contributions
Motor Vehicle Allowance
Cellphone Allowance
Housing Allowances
Other benefits and allowances

Total

2017 R 12 Months	2016 R 12 Months
683 797	620 786
55 929	51 526
126 834	160 871
78 860	-
153 688	175 557
9 600	9 600
50 904	5 600
12 677	-
1 172 589	1 023 939

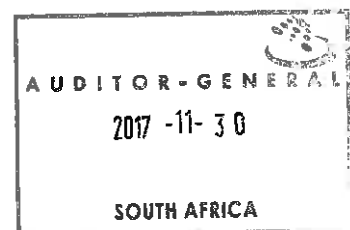
26

### EMPLOYEE RELATED COST - ROADS

Employee related costs- Salaries and Wages
Employee related costs - Contribution for UIF, pensions and medical aids
Travel, motor car, accommodation, subsistence and other allowances
Housing benefits and allowances
Overtime payments
Leave Payment
Leave Bonus

Total Employee Related Costs

2017 R	2016 R
41 407 443	38 406 093
15 948 389	14 301 668
62 200	1 443 742
1 007 966	989 390
826 315	1 103 669
421 340	994 209
3 354 118	3 189 068
63 017 771	60 440 070



EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017  
REMUNERATION OF COUNCILLORS

27

	2017 R	2016 R
Councillor - T Fortuin	287 375	
Councillor - NF Kamte	274 333	
Councillor - MP Mapitza	284 244	
Councillor - CN Lichaba	311 084	
Councillor - T van Rensburg	300 868	
Councillor - RE Spies	294 773	
Councillor - Teyal	42 808	
Councillor - KS Loe	612 144	
Councillor - D Saayman	293 066	
Councillor - BN van Wyk	291 180	
Councillor - AJ Roosaouw	300 984	
Councillor - I Stamela	379 708	
Councillor - EH Stroebe	36 137	
Councillor - RS Figland	36 137	
Councillor - V Gerdtke	107 113	
Councillor - BHJ Groenewald	63 880	
Councillor - E Meyer	368 156	
Councillor - RH Ruiters	428 452	
Councillor - JJC Lambaet	386 003	
Councillor - RR Wideschut	57 359	
Councillor - K Windvogel	53 509	
Councillor - L Tyokolo	64 291	
Councillor - MS Willems	436 360	
Councillor - MV Molca	60 857	
Councillor - SM Odendaal	65 280	
Councillor - JT Mangatso	48 686	
Councillor - NC Jacob	69 071	
Councillor - M Booysse	641 763	
Councillor - Vi van der Westhuizen VI	73 889	419 389
Balance previously reported	-	434 671
Correction of error - Transferred to Operational Cost: Subsistence and Travel - Note 22	-	(15 172)
Councillor - LBC Esau LBC	52 775	450 838
Balance previously reported	-	459 808
Correction of error - Transferred to Sale of Goods and Services - Note 22	-	(6 973)
Councillor - D Naylor	57 842	414 301
Balance previously reported	-	442 054
Correction of error - Transferred to Sale of Goods and Services - Note 22	-	(27 754)
Councillor - J du Toit	40 301	285 842
Councillor - JJA Koegelesberg	84 084	644 841
Balance previously reported	-	647 287
Correction of error - Transferred to Sale of Goods and Services - Note 22	-	(2 446)
Councillor - J Maxim	-	382 372
Balance previously reported	-	388 369
Correction of error - Transferred to Sale of Goods and Services - Note 22	-	(5 997)
Councillor - SF May	78 798	618 481
Councillor - HJ McCombi	54 331	628 391
Balance previously reported	-	635 821
Correction of error - Transferred to Sale of Goods and Services - Note 22	-	(7 430)
Councillor - T Simmers	655 800	620 156
Balance previously reported	-	629 124
Correction of error - Transferred to Sale of Goods and Services - Note 22	-	(8 968)
Councillor - CN Ngalo	33 527	259 104
Councillor - V Waxa	-	283 125
Councillor - MM Mballi	941	10 311
Councillor - N Ndayi	242 806	23 822
Councillor - NA Bityi	34 576	254 375
Councillor - NC Boodaan	1 307	16 703
Councillor - M Fellea	29 683	254 375
Councillor - HJ Floors	33 872	267 588
Councillor - JJ Gerber	5 566	13 662
Councillor - JG Janse van Rensburg	28 951	301 402
Councillor - SS Mbendezi	54 474	13 581
Councillor - WP Mashoe	3 286	32 507
Councillor - Ngemntu	-	122 548
Councillor - GC Niehaus	982	22 126
Councillor - LN Qupe	982	19 240
Councillor - CM Skelakak	34 982	279 311
Councillor - NM Tande	38 090	263 202
Councillor - T Teylal	2 888	25 880
Councillor - PJ van der Hoven	42 808	42 328
Councillor - D van Rensburg	-	8 842
Councillor - D Xego	333 686	324 087
Balance previously reported	-	330 882
Correction of error - Transferred to Sale of Goods and Services - Note 22	-	(6 795)
Councillor - D Abrahams	3 323	8 845
Councillor - R Johannes	-	2 304
Councillor - AM Joubert	7 238	16 596
Councillor - J Johnson	472 401	128 273
Councillor - JE Gouws	5 588	1 727
Councillor - D Kamfer	34 633	261 390
Councillor - SF de Vries	291 580	1 252
Councillor - M Wegenaar	6 051	18 118
<b>Total Councillors' Remuneration</b>	<b>9 421 247</b>	<b>7 702 185</b>

Remuneration paid to Councillors can be summarised as follows:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	514 515	78 014	107 958	17 174	715 861
Deputy-Mayor	428 321	51 905	-	-	481 226
Speaker	468 442	25 780	-	-	494 202
Chief Whip	279 395	16 502	41 512	-	337 379
Executive Committee Members	2 586 540	440 818	54 682	106 380	3 168 505
Councillors	3 387 174	411 059	276 290	139 750	4 224 273
<b>Total Councillors' Remuneration</b>	<b>7 665 363</b>	<b>1 022 188</b>	<b>480 421</b>	<b>263 304</b>	<b>9 421 247</b>



# EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 REMUNERATION OF COUNCILLORS (Continued)

### In-kind benefits

The Mayor may utilise official Council transportation when engaged in official duties.

### Remuneration of political office bearers and councillors

Remuneration of political office bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

## DEPRECIATION AND AMORTISATION

### Property, Plant and Equipment

#### Balance previously reported

Correction of assets identified for the first time - Note 40.1

Correction of assets previously disposed now found - Note 40.1

#### Investment Property

#### Intangible Assets

2017  
R

2016  
R

2 528 051

2 694 871

-

2 692 670

-

12 013

-

188

112 185

116 036

301 954

479 510

3 032 100

3 290 416

## REPAIRS AND MAINTENANCE

### Buildings

#### Balance previously reported

Correction of error: MSCOA reclassification - Note 39

### Electricity

#### Balance previously reported

Correction of error: MSCOA reclassification - Note 39

### Equipment

#### Balance previously reported

Correction of error: MSCOA reclassification - Note 39

### Fleet Vehicles

#### Balance previously reported

Correction of error: MSCOA reclassification - Note 39

### General Maintenance & Complaints

#### Balance previously reported

Correction of error: MSCOA reclassification - Note 39

2017  
R

2016  
R

-

-

-

1 589 008

-

(1 589 008)

-

76 325

-

(76 325)

-

-

-

1 129 205

-

(1 129 205)

-

130 836

-

(130 836)

-

-

-

216 634

-

(216 634)

-

-

-

-

## FINANCE COST

### Long-term liabilities

### Water and Electricity

### SARS

### Lefatshe

### Total Interest on External Borrowings

56

25 790

-

19 853

8 410

3 336

-

160 722

8 466

199 503





## EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017  
CONTRACTED SERVICES

## Outsourced Services

Business and Advisory: Occupational Health and Safety  
Catering Services  
Fire Services  
Medical Services [Medical Health Services & Support]  
Security Services

Balance previously reported

Correction of previous year creditor provision - Note 40

## Consultants and Professional Services

Business and Advisory: Accounting and Auditing

Balance previously reported

Correction of previous year creditor provision - Note 40

Business and Advisory: Commissions and Committees  
Business and Advisory: Human Resources

Balance previously reported

Correction of previous year creditor provision - Note 40

Business and Advisory: Organisations  
Business and Advisory: Research and Advisory

Balance previously reported

Correction of previous year creditor provision - Note 40

Infrastructure and Planning: Engineering - Civil  
Infrastructure and Planning: Town Planner  
Laboratory Services: Medical  
Legal Cost: Legal Advice and Litigation

Balance previously reported

Correction of previous year creditor provision - Note 40

## Contractors

Maintenance of Buildings and Facilities

Balance previously reported

Correction of previous year creditor provision - Note 40

Maintenance of Equipment  
Plants, Flowers and Other Decorations  
Safeguard and Security

Balance previously reported

Correction of previous year creditor provision - Note 40

Transportation

## Total Contracted Services

2017 R	2016 R
4 945 144	17 687 931
108 582	53 322
280 881	148 043
4 325 108	17 477 950
119 507	73 698
133 076	134 917
-	134 517
-	400
21 979 008	6 883 899
2 277 382	3 009 320
-	2 775 660
-	238 660
1 053	3 271
805 200	479 017
-	477 757
-	1 260
111 080	66 604
2 901 266	1 593 088
-	1 574 086
-	19 000
76 312	368 740
736 484	-
190 719	390 203
14 870 560	1 043 458
-	1 037 393
-	6 065
3 432 086	2 278 206
2 303 629	1 372 783
-	343 424
-	1 029 359
708 482	608 480
10 186	21 009
363 212	275 934
-	247 501
-	28 432
27 018	-
30 347 848	27 150 088

## Asset Verification: BAUD

Assistance: Year-end procedures

Disaster Management

DWAF Chemical Water Sampling

Environmental Management: Studies &amp; other services

Electricity Demandside Management

Fax Machines, Copiers &amp; Maintenance Agreements

Fire Fighting Services

Financial Management Assistance

Furniture Removal

Internal Audit Training

Integrated Transport Plan

Laboratory Tests

Laundry Services

License &amp; Support Agreements

LG SETA &amp; TASK

Maintenance Plans

Management Training

Contracted Services

RBIG &amp; DBSA Bulk Water Studies

Regional Landfill Site

Security Services

Tourism

Balance previously  
reported 2016

## Transferred to:

## Sub-Class

Restated Balance  
2016

70 513

1 705 717

171 175

-

214 117

28 098

303 012

2 005 723

330 318

-

257 831

1 127 910

216 721

137 897

1 017 085

-

20 954

89 803

-

-

246 255

361 916

127 492

5 430 815

Contracted Services

Contracted Services

Contracted Services

Contracted Services

Contracted Services

Contracted Services

Contracted Services

Contracted Services

Contracted Services

Contracted Services

Contracted Services

Contracted Services

Contracted Services

Contracted Services

Operational Cost

Contracted Services

Contracted Services

Contracted Services

Contracted Services

Contracted Services

Contracted Services

Contracted Services

Operational Cost

Outsourced Services

Consultants and Professional Services

Outsourced Services

Consultants and Professional Services

Consultants and Professional Services

Consultants and Professional Services

Contractors

Outsourced Services

Consultants and Professional Services

Contractors

Consultants and Professional Services

Contractors

Consultants and Professional Services

Cleaning Services

Various

Contractors

Consultants and Professional Services

Consultants and Professional Services

Outsourced Services

Advertising, Publicity and Marketing

## ROADS - OPERATING EXPENDITURE

General Expenses

Contributions to Capital

2017 R	2016 R
80 603 598	83 000 864
828 453	1 757 977
81 432 041	84 758 840



# EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 TRANSFERS AND SUBSIDIES

33

### Monetary Allocations

Households	
Non-profit Institutions	
Balance previously reported	
Correction of previous year creditor provision - Note 40	
Private Enterprises	
Balance previously reported	
Correction of previous year creditor provision - Note 40	
Public Corporations	
Total Transfers and Subsidies	

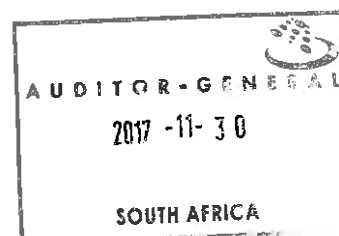
2017 R	2016 R
1 314 907	824 882
126 347	111 376
296 870	807 686
-	572 686
-	35 000
218 852	105 821
-	81 981
-	43 860
609 836	-
1 314 907	824 882

34

### OPERATIONAL COST

Advertising, Publicity and Marketing	
Assets less than the Capitalisation Threshold	
Audit Fees	
Balance previously reported	
Correction of previous year creditor provision - Note 40	
Bank Charges, Facility and Card Fees	
Bursaries (Employees)	
Cleaning Services	
Balance previously reported	
Correction of previous year creditor provision - Note 40	
Communication	
Balance previously reported	
Correction of previous year creditor provision - Note 40	
Contribution to Provisions - Alien Vegetation	
Consumables - Domestic Expenses	
Balance previously reported	
Correction of previous year creditor provision - Note 40	
Consumables - Plant	
Consumables - Sundry Expenses	
Consumables - Vermin Control	
Consumables - Material	
Balance previously reported	
Correction of previous year creditor provision - Note 40	
Consumables - Disposable Equipment	
Consumables - Other Materials	
Consumables - Repairs and Maintenance	
Courier and Delivery Services	
Deeds	
Entertainment	
External Computer Service	
Full Time Union Representative	
Hire Charges	
Insurance Underwriting	
Leasements and Internships	
Balance previously reported	
Correction of previous year creditor provision - Note 40	
Licences	
Management Fee	
Municipal Services	
Balance previously reported	
Correction of previous year creditor provision - Note 40	
Printing, Publications and Books	
Balance previously reported	
Correction of previous year creditor provision - Note 40	
Professional Bodies, Membership and Subscription	
Registration Fees	
Balance previously reported	
Correction of previous year creditor provision - Note 40	
Samples and Specimens	
Balance previously reported	
Correction of previous year creditor provision - Note 40	
Skills Development Fund Levy	
Storage of Files (Archiving)	
System Access and Information Fees	
Balance previously reported	
Correction of previous year creditor provision - Note 40	
Travel and Subsistence	
Uniform and Protective Clothing	
Balance previously reported	
Correction of previous year creditor provision - Note 40	
Vehicle Tracking	
Wet Fuel	
Balance previously reported	
Correction of previous year creditor provision - Note 40	
Total Operational Cost	

2017 R	2016 R
853 389	594 736
780 921	6 901
2 830 682	2 649 043
-	2 647 769
-	1 274
158 894	144 432
242 129	176 888
241 531	234 870
-	208 858
-	26 012
2 913 582	3 007 286
-	2 763 449
-	243 817
(1 273 731)	(454 305)
286 391	281 888
-	281 113
-	785
158 071	217 605
-	5 756
864	701
20 173	8 308
-	7 743
-	566
110 781	86 698
143 724	134 868
1 143 147	1 318 288
8 193	1 675
-	3 140
20 003	32 342
1 537 746	1 338 470
70 102	32 265
394 925	76 091
440 894	686 136
-	592 376
-	590 306
-	2 069
1 604 432	109 264
-	596 038
3 607 604	3 640 731
-	3 231 234
-	309 497
1 154 615	902 047
-	902 860
-	(812)
1 180 322	1 062 293
57 026	72 832
-	51 779
-	21 053
863 483	609 420
-	810 291
-	(871)
792 105	744 025
53 526	116 593
135 474	135 474
-	134 087
-	1 386
1 137 512	1 121 001
241 549	243 737
-	244 183
-	(445)
795	2 228
921 425	655 005
-	654 657
-	347
22 702 707	21 316 990



# EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Balance previously reported 2016	Transferred to:	Sub-Class	Restated Balance 2016
<b>35 GENERAL EXPENSES</b>				
Included in general expenses are the following: -				
Advertisements	357 862	Operational Cost:	Advertising, Publicity and Marketing	
Audit Fees	2 647 769	Operational Cost:	Audit Fees	
Bank Charges	144 432	Operational Cost:	Bank Charges, Facility and Card Fees	
Computer Programs	25 000	Operational Cost:	External Computer Services	
Contribution Full time Shopsteward	32 286	Operational Cost:	Full Time Union Representative	
Courier Services	4 675	Operational Cost:	Courier and Delivery Services	
Deeds	3 140	Operational Cost:	Deeds	
Disposable Equipment	88 699	Operational Cost:	Assets less than the Capitalisation Threshold	
Domestic Expenses	281 113	Operational Cost:	Consumables - Domestic Expenses	
Employee Support	37 989	Contracted Services	Consultants and Professional Services	
Entertainment Allowances	32 342	Operational Cost:	Entertainment	
Health Advisory Committee	3 271	Contracted Services	Consultants and Professional Services	
Health Education	9 750	Contracted Services	Outsourced Services	
Insurance	688 135	Operational Cost:	Insurance Underwriting	
Laboratory Test	810 291	Operational Cost:	Samples and Specimens	
Laundry Service	145 321	Operational Cost:	Cleaning Services	
Legal Fees	1 037 393	Contracted Services	Consultants and Professional Services	
License fees	105 824	Operational Cost:	Licences	
Material	7 743	Operational Cost:	Consumables - Other Material	
Membership fees	1 062 283	Operational Cost:	Professional Bodies, Membership and Subscription	
Operating Projects	1 677 701	Various		
Personnel Contribution Mission Street	598 033	Operational Cost:	Management Fee	
Plant	878 876	Various		
Postage/ Post Box Rental	42 494	Operational Cost:	Communication	
Printing & Stationery	902 880	Operational Cost:	Printing, Publications and Books	
Protective Clothing	244 183	Operational Cost:	Uniform and Protective Clothing	
Public Relations	6 393	Operational Cost:	Advertising, Publicity and Marketing	
Purchase Matresses	6 901	Operational Cost:	Assets less than the Capitalisation Threshold	
Rates & Taxes	748 434	Operational Cost:	Municipal Services	
Refreshments	148 043	Contracted Services	Outsourced Services	
Registration Fees: Congresses	51 779	Operational Cost:	Registration Fees	
Rent	409 706	Operating Leases		
Rent Disaster Centre Equipment	64 028	Operational Cost:	Hire Charges	
Repayment: Eden Employees (3G)	29 314	Operational Cost:	Communication	
Security	90 482	Contracted Services	Outsourced Services	
Services Accounts	2 484 601	Operational Cost:	Municipal Services	
Skills Development Levy	744 025	Operational Cost:	Skills Development Fund Levy	
Strategic Planning	8 196	Contracted Services	Consultants and Professional Services	
Study Assistance	178 888	Operational Cost:	Bursaries (Employees)	
Subsistence & Travel	1 037 466	Operational Cost:	Travel and Subsistence	
Sundry Expenses	40 406	Various		
Sundry Expenses - Grant funded	15 306 760	Various		
Telephone/Data lines	2 891 641	Operational Cost:	Communication	
Training	580 306	Operational Cost:	Learnships and Internships	
Vermin Control	701	Operational Cost:	Consumables - Vermin Control	
Wreaths & Bouquets	21 009	Operational Cost:	Contractors	
<b>Total General Expenses</b>	<b>36 738 831</b>			

## 36 (IMPAIRMENT LOSS)/REVERSAL OF IMPAIRMENT LOSS OF RECEIVABLES

Receivables from Exchange Transactions - Note 22  
Receivables from Non-exchange Revenue - Note 23

**Total (Impairment Loss)/ Reversal of Impairment Loss on Receivables**

2017 R	2016 R
415 980	5 424 800
22 688	848 262
<b>438 668</b>	<b>6 073 063</b>

## 37 GAIN/ (LOSS) ON SALE OF ASSETS

Property, plant and equipment  
Intangible assets  
Investment property

**Total Gain/ (Loss) on Sale of Assets**

2017 R	2016 R
(288 960)	(123 259)
-	-
<b>(288 960)</b>	<b>(123 259)</b>

## 38 (IMPAIRMENT LOSS)/ REVERSAL OF IMPAIRMENT LOSS ON FIXED ASSETS

Property, plant & equipment

Land and Buildings  
Other

**Total (Impairment Loss)/ Reversal of Impairment Loss on Fixed Assets**

2017 R	2016 R
(73 431)	-
-	-
<b>(73 431)</b>	<b>-</b>
<b>(73 431)</b>	<b>-</b>



# EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has started with a process during the year to align items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. The reclassification of 2016 audited amounts can be summarised as follows:

### Statement of Financial Position

	Balance previously reported	Adjustments	Restated Balance
Capital Replacement Reserve	(24 675 638)	-	(24 675 638)
Accumulated (Surplus)/Deficit	(232 133 932)	-	(232 133 932)
Non-current Provisions	(2 590 355)	-	(2 590 355)
Non-current Employee Benefits Provisions	(137 152 852)	-	(137 152 852)
Current Employee Benefits Provisions	(2 376 823)	-	(2 376 823)
Current Employee Benefits	(25 643 306)	-	(25 643 306)
Payables from exchange transactions	(11 705 954)	11 705 954	-
Trade and Other Payables from exchange transactions	-	(11 705 954)	(11 705 954)
Unspent Conditional Government Grants and Receipts	(17 537 796)	17 537 796	-
Unspent Transfers and Subsidies	-	(17 537 796)	(17 537 796)
Operating Lease Liability	(1 170)	-	(1 170)
Property, Plant and Equipment	140 878 357	-	140 878 357
Investment Property	85 644 952	-	85 644 952
Intangible Assets	1 851 194	-	1 851 194
Investments	26 027	-	26 027
Non-Current Employee Benefits	57 977 544	-	57 977 544
Inventory	3 365 246	-	3 365 246
Receivables from exchange transactions	3 415 421	-	3 415 421
Receivables from non-exchange transactions	1 753 131	-	1 753 131
Unpaid Conditional Government Grants and Receipts	294 510	(294 510)	-
Unpaid Transfers and Subsidies	-	294 510	294 510
Operating Lease Asset	57 256	-	57 256
Taxes	33 046	-	33 046
Employee Benefits	3 195 074	-	3 195 074
Cash and Cash Equivalents	155 333 873	-	155 333 873

### Statement of Financial Performance

	Balance previously reported	Adjustments	Restated Balance
Regional Services Levies Equitable Share	(138 902 000)	138 902 000	-
Government Grants Received	(21 415 187)	21 415 187	-
Government Grants and Subsidies	-	(160 317 187)	(160 317 187)
Contributed Property, Plant and Equipment	-	(28 846)	(28 846)
Actuarial Gains	-	(482 685)	(482 685)
Department of Transport - Roads Service Charges	(160 732 594)	-	(160 732 594)
Sales of Goods and Rendering of Services	-	(11 529 502)	(11 529 502)
Actuarial Gain	(482 685)	482 685	-
Contribution Shop Steward	(602 999)	602 999	-
Contributed PPE	(28 846)	28 846	-
Rental from Fixed Assets	(1 282 078)	-	(1 282 078)
Interest earned - external investments	(10 782 549)	-	(10 782 549)
Interest earned - outstanding debtors	(1 106 479)	-	(1 106 479)
Licenses and permits	(122 064)	-	(122 064)
Other Income	(12 392 258)	12 392 258	-
Stock gains	(55 579)	55 579	-
Decrease in Provision for Alien Vegetation	(454 305)	454 305	-
Operational Revenue	-	(1 465 755)	(1 465 755)
Employee related costs	106 381 722	(1)	106 381 721
Employee related costs - Roads	60 440 070	-	60 440 070
Remuneration of Councilors	7 785 720	(85 534)	7 702 185
Bad Debts Written Off	-	1 274 348	1 274 348
Impairment of Trade Receivables	7 817 253	(7 817 253)	-
Actuarial Loss	119 120	-	119 120
Contracted Services	8 430 515	16 840 407	25 270 922
Depreciation and Amortisation	-	3 278 216	3 278 216
Depreciation	2 798 706	(2 798 706)	-
Amortisation	479 510	(479 510)	-
Finance Charges	199 503	(199 503)	-
Finance Cost	-	199 503	199 503
Inventory Consumed	-	-	-
Unamortised Discount - Interest	-	9 410	9 410
Unamortised Discount	9 410	(9 410)	-
Operating Leases	-	406 706	406 706
Transfers and Subsidies	-	748 022	748 022
Repairs and maintenance	3 900 347	-	3 900 347
General Expenses	36 738 820	(36 738 820)	-
Loss on disposal of property, plant and equipment	163 113	(163 113)	-
Roads - Operating Expenditure	84 756 842	-	84 756 842
Operational Cost	-	16 371 823	16 371 823
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	-	(55 670)	(55 670)
Gain/(Loss) on Sale of Fixed Assets	-	163 113	163 113
(Impairment Loss)/Reversal of Impairment Loss on Fixed Assets	-	6 642 905	6 642 905
Profit/(Loss) on Fair Value Adjustments	-	-	-
Net Surplus/(Deficit) for the year	(28 347 804)	-	(28 347 804)



## 40

## 40.1

### Property Plant and Equipment

**Restated Balance****Restated Balance**

## 40.2

**Restated Balance**

### 40.3

**Restated Balance**

404

**Restated Balance**

40.5

**Restated Balance**

40.6

1. *Journal of Management Studies*, 1996, 33, 1, 1-14.

## 40.7

Total amount credited/(debited) to Statement of Financial Performance due to implementation of GRAP

41

## Edan

### Actuarial Gains

Long Service Leave Benefits  
Post Employment Health Care Benefits  
Ex-Gratia Pension Awards

### Actual Loss

**Post Employment Health Care Benefits**  
**Long Service Leave Benefits**

AUDITOR-GENERAL  
2017-11-30  
SOUTH AFRICA

# EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 CASH GENERATED FROM OPERATIONS

42

(Deficit) for the year from Continued Operations  
Adjustments for: -  
Depreciation  
Contributed PPE  
Grants received  
Grants Repaid to National Revenue Fund  
Grants recognised as revenue  
Gain on disposal of property, plant and equipment  
Loss on disposal of property, plant and equipment  
Impairments  
Contribution to Non-Current Provisions  
Actuarial (Gain)/Loss  
Employee benefits paid  
Contribution to employee benefits  
Contribution to bad debt provision  
Current employee benefits paid  
Contribution to Current Employee Benefits  
Investment income  
Interest paid

2017 R	2016 R
12 953 983	27 922 883
3 032 190	3 290 416
-	(28 846)
150 761 648	166 982 985
(16 117 460)	(300 000)
(147 548 781)	(160 337 187)
-	-
268 960	123 259
73 431	-
(1 273 731)	(454 305)
(8 983 321)	(1 223 025)
(6 765 927)	(6 532 065)
16 821 271	15 796 829
458 477	6 542 905
(9 355 598)	(5 862 929)
10 396 600	6 963 561

### Operating deficit before working capital changes

2017 R	2016 R
4 812 742	52 763 481

(Increase)/Decrease in Inventory  
Increase/(decrease) in Operating Lease Liability  
Increase/(decrease) in Operating Lease Asset  
Increase/(decrease) in Trade Receivables from exchange transactions  
Increase/(decrease) in Other Receivables from non-exchange transactions  
Increase/(decrease) in creditors  
Increase/(decrease) in VAT

2017 R	2016 R
233 795	134 798
(1 170)	(20 447)
24 811	23 244
(2 813 220)	4 462 597
(4 428 245)	1 448 005
(1 437 886)	(10 828 817)
(2 717 999)	2 481 596

### Cash generated / (utilized in) operations

2017 R	2016 R
(6 328 174)	50 474 457

## 43 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following amounts in the statement of financial position:

Bank balances and cash  
Call deposits

2017 R	2016 R
142 588 602	155 254 849
150 631	142 137
142 719 233	155 396 986

### Total cash and cash equivalents

## 44 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see Note 3)  
Used to finance property, plant and equipment - at cost  
Sub-total  
Cash set aside for the repayment of long-term liabilities (see note 3)  
Cash invested for repayment of long-term liabilities

2017 R	2016 R
-	-
-	-
-	-
-	-

Long-term liabilities have been utilized accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date. Loans were redeemed during March 2016.

## 45 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 19  
Investments - Note 14

2017 R	2016 R
142 719 233	155 396 986
26 027	26 027
142 745 260	155 423 013
4 534 880	17 490 533
4 534 880	17 486 363
-	1 170

Less:

Unspent Committed Conditional Grants - Note 9  
Operating Lease Liability - Note 18

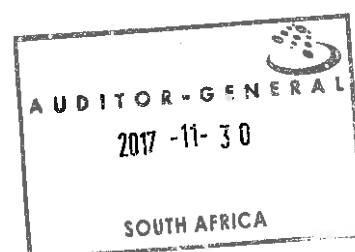
Net cash resources available for internal distribution  
Allocated to:

Capital Replacement Reserve

2017 R	2016 R
138 210 360	137 932 480
(27 728 373)	(24 675 638)

### Resources available for working capital requirements

2017 R	2016 R
110 482 007	113 256 843



# EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 BUDGET INFORMATION

### 46.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to variances, and the negative effect of the abnormal high electricity and solid waste tariff increases on consumer debtors, the decrease in the capital expenditure, and the reprioritising of capital projects, with the corresponding changes to funding sources.

### 46.2 Explanation of variances greater than 5%: Final Budget and Actual Amounts

#### Statement of Financial Position

##### Current Assets

##### Cash

Under spending on operational budget increased cash reserves.

Variance	Variance
2017	2017
R	%

14 011 602	9.83%
------------	-------

##### Consumer Debtors

Write-off of long outstanding debt in terms of Council decision/

(11 363 514)	-321.60%
--------------	----------

##### Other Debtors

Not Material

6 573 169	58.79%
-----------	--------

##### Current Portion of long-term receivables

Increase in post retirement benefit liability, increased the long term debtor of Province

1 048 368	27.55%
-----------	--------

##### Inventory

Lower level of stock on hand

(719 649)	-22.96%
-----------	---------

##### Non-Current Assets

##### Long-term Receivables

Decrease in post retirement benefit liability, decrease the long term debtor of Province

(4 756 680)	-8.27%
-------------	--------

##### Current Liabilities

##### Trade and Other Payables

Municipality attempted to clear as many creditors as possible by year-end.

(40 347 307)	-256.16%
--------------	----------

##### Provisions and Employee Benefits

Increase in post retirement benefit liability.

25 690 463	66.12%
------------	--------

##### Net Assets

##### Reserves

Additional amounts transferred to the CRR to fund future capital budget.

6 358 373	22.93%
-----------	--------

#### Statement of Financial Performance

##### Revenue

##### Rental of facilities and equipment

Budgeted rental from cellphone towers did not materialise.

(774 181)	-119.08%
-----------	----------

##### Interest earned - external investments

The investment of surplus funds were managed more effectively than anticipated.

2 152 967	16.66%
-----------	--------

##### Expenditure

##### Employee related costs

Difference is not material.

3 936 408	3.56%
-----------	-------

##### Employee related costs - Department of Transport

Employee related costs for Roads employees were budgeted for under Other Expenditure.

63 017 771	100.00%
------------	---------

##### Remuneration of councillors

Grading of municipality upgraded from grade 4 to a grade 5 which increased the remuneration of the Councillors.

1 677 040	16.74%
-----------	--------

##### Debt impairment

Council decision to write off old long outstanding debt.

3 316 163	75.76%
-----------	--------

##### Depreciation & asset impairment

Asset were procured later than expected therefore the depreciation and amortisation commenced later.

(564 349)	-18.17%
-----------	---------

##### Contracted services

Some items previously classified under General Expenditure were reclassified to Contracted Services in anticipation of the new MSCOA classification.

12 649 943	41.66%
------------	--------

##### Transfers and Grants

Some items previously classified under General Expenditure were reclassified to Transfers and Subsidies in anticipation of the new MSCOA

1 314 907	100.00%
-----------	---------

##### Other expenditure

Employee related costs of Roads Employees were included under this section. Substantial savings on anticipated spending was also achieved. Some

(105 616 520)	-100.03%
---------------	----------

#### Cash Flow Statement

##### Cash Flow from Operating Activities

##### Other receipts

Budget was based on prior year receipts but prior year had large number of prepayments which was not the case this year.

(38 600 652)	-24.94%
--------------	---------

##### Government - operating

More operational grants received than originally anticipated.

17 930 675	12.15%
------------	--------

##### Interest

The investment of surplus funds were managed more effectively than anticipated.

3 329 555	23.61%
-----------	--------

##### Cash Flow from Investing Activities

##### Capital assets

Underspending on the capital budget.

532 784	-8.62%
---------	--------



EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017  
UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

47

47.1 Unauthorised expenditure

	2017 R	2016 R
Reconciliation of unauthorised expenditure		
Opening balance	78 403	295 484 810
Unauthorised expenditure current year	800 288	76 403
Approved by Council to be written off	-	(295 484 810)
Transfer to receivables for recovery	-	-
	878 692	76 403

The unauthorised expenditure will be presented to Council in the 2016/2017 financial year for condonation

Unauthorised expenditure for 2016/2017 is with regards to capital items budgeted for under repairs and maintenance, but had to be re-allocated to capital items as per GRAP requirements.

	2017 R (Actual)	2017 R (Budget)	2017 R (Variance - excluding grant funded expenditure)	2017 R (Unauthorised)
<b>Expenditure by Vote</b>				
Executive and Council	60 425 883	60 165 782	(9 739 879)	-
Budget and Treasury Office	19 267 115	21 000 343	(1 703 228)	-
Corporate Services	29 678 886	32 611 894	(3 233 007)	-
Sport and Recreation	10 905 390	11 068 576	(163 186)	-
Public Safety	29 062 746	29 753 308	(700 562)	-
Health	26 440 001	26 927 657	(487 656)	-
Planning and Development	9 776 408	10 518 440	(741 032)	-
Road Transport	146 169 884	146 384 000	(194 116)	-
Water	343 777	589 127	(245 350)	-
Waste Management	2 818 959	5 827 548	(2 908 589)	-
Environmental Protection	1 720 880	1 695 412	(174 532)	-
	328 728 731	347 020 167	(20 291 436)	-

Capital expenditure by vote

	2017 R (Actual)	2017 R (Budget)	2017 R (Variance)	2017 R (Unauthorised)
Executive & Council	3 198 546	3 653 000	(454 154)	-
Budget and Treasury Office	69 125	39 100	30 025	30 025
Corporate Services	1 276 324	1 040 800	235 524	235 524
Community and Social Services	1 570	-	1 570	1 570
Sport & Recreation	488 945	564 500	(75 555)	-
Planning & Development	12 116	-	12 116	12 116
Public Safety	507 135	817 100	(309 965)	-
Health	253 378	105 385	147 993	147 993
Environmental Protection	-	493 400	(493 400)	-
Waste Management	373 071	-	373 071	373 071
	6 180 510	6 713 295	(532 785)	800 288

47.2 Fruitless and wasteful expenditure

	2017 R	2016 R
Reconciliation of fruitless and wasteful expenditure		
Opening balance	1 873 745	2 922 485
Interest: Municipal accounts	-	10 653
Interest: SARS Penalties and fines	8 410	3 336
Fruitless and wasteful expenditure current year	-	1 124 711
Approved by Council to be written off	-	(2 196 442)
	1 882 155	1 873 745

The fruitless and wasteful expenditure of 2015/2016 relates to a Court settlement paid with regards to the Lefatshe legal matter. The fruitless and wasteful expenditure is still to be presented to Council for condonation.

A payment was made to Lefatshe in terms of a settlement agreement in the current financial year amounting to R13,000,000 exclusive of VAT. Council resolved that forensic investigators are to be appointed to investigate any irregularities and identify liable persons/officials.

47.3 Irregular expenditure

	2017 R	2016 R
Reconciliation of irregular expenditure		
Opening balance - previously reported	21 055 943	35 888 453
Irregular expenditure current year	31 680 358	10 820 102
Condoned or written off by Council	-	(25 653 611)
Recovered during year	-	-
Irregular expenditure awaiting condonement	52 736 302	21 055 943

In 2016, the National Prosecution Authority has resolved that matter relating to the J Zeelle forensic investigation (relating to irregular expenditure of R456,000 incurred in prior years), will not be criminally prosecuted.

Irregular expenditure relating to the current financial year include splitting of orders and SCM/MFMA processes / legislative requirements not adhered to. A detailed register is available.

48

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

48.1 Contributions to organized local government

	2017 R	2016 R
Opening balance	-	-
Council subscriptions	50 012	45 574
Amount paid - current year	(50 012)	(45 574)
Amount paid - previous year	-	-
Balance unpaid (Included in creditors)	-	-

48.2 Audit fees

	2017 R	2016 R
Opening balance	-	-
Current year audit fee	2 630 982	2 649 043
Amount paid - prior year	(2 630 982)	(2 649 043)
Balance unpaid (Included in creditors)	-	-

48.3 VAT

VAT input receivables and VAT outputs payable are shown in note 10 & 8.  
All VAT returns have been submitted by the due date throughout the year.

48.4 PAYE AND UIF

	2017 R	2016 R
Opening balance	23 073 862	20 696 380
Current year payroll deductions	(23 073 862)	(20 696 380)
Amount paid - current year	-	-
Balance unpaid (Included in debtors)	-	-





# EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

48

### ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

#### 48.5 Pension and Medical Aid Deductions

Opening balance
Current year payroll deductions and Council Contributions
Amount paid - current year
Amount paid - previous years

#### Balance unpaid (included in debtors)

The balance represents medical aid contributions payable to the District Municipality by pensioners whose contributions were already paid to the medical aid. Invoices were issued to collect the outstanding amounts.

2017 R	2016 R
-	-
24 806 055	22 805 200
(24 898 055)	(22 805 200)
-	-

#### 48.6 Councillor's arrears accounts

##### 30 June 2017

The following amounts are outstanding regarding travel allowances:

	Total	Outstanding less than 90 days	Outstanding more than 90 days
AM Wildeman	846 340	-	846 340
JL Hartnick	574 780	-	574 780
J Bouwer	306 661	-	306 661
JMG Bekker	331 790	-	332 171
PJ Roodtman	292 541	-	292 541
SCP Biljohn	114 888	-	139 025
HJ Loff	108 853	-	110 224
HJ Mc Combi	104 476	-	111 719
A Hartnick	87 313	-	87 313
JJA Koegelenberg	68 690	-	68 690
JE Davids	61 852	-	51 852
A Everts	50 180	-	53 308
J Harmse	44 529	-	44 529
CN Ngalo	32 031	-	32 678
FH Stemmet	30 538	-	30 538
B Le Roux	28 996	-	28 996
P van der Hoven	26 222	-	26 222
E Nel	17 853	-	17 853
PJW Murray	15 497	-	15 497
JST Alberts	13 993	-	13 993
AR Olivier	-	-	-
M Fielles	10 781	-	19 308
EKV van Eden	9 293	-	9 293
PJL Grobler	8 867	-	8 867
A Baartman	7 548	-	7 548
N Bityl	4 648	-	4 648
D Kampher	994	-	994
EN Mtshali	1 496	-	1 496
F Joseph	354	-	354
R Johannes	1 953	-	1 953
J Maxim	8 747	-	8 747
	3 282 451	-	3 338 204

##### 30 June 2017

The following amounts are outstanding regarding cellphone accounts:

	Total	Outstanding less than 90 days	Outstanding more than 90 days
Biljohn	-	-	-
D Kamfer	18 633	-	18 633
S Lollwe	17 883	-	17 883
Kroma	8 945	-	8 945
M Fielles	9 853	-	9 853
HJ McCombi	8 328	-	8 328
TME Gombo	5 496	-	5 496
S de Vries	3 073	-	3 073
Everts	3 148	-	3 148
J Kemoetie	1 711	-	1 711
JH Loff	1 370	-	1 370
J Maxim	1 067	-	1 067
Dorfling	912	-	912
CN Ngalo	647	-	647
E Mtshali	1 496	-	1 496
F Stemmet	801	-	801
J Bekker	381	-	381
TA Simmers	2 038	-	2 038
	85 906	-	85 906

##### 30 June 2016

The following amounts are outstanding regarding travel allowances:

	Total	Outstanding less than 90 days	Outstanding more than 90 days
AM Wildeman	778 631	-	778 631
JL Hartnick	528 791	-	528 791
J Bouwer	364 823	-	364 823
JMG Bekker	306 251	-	306 251
PJ Roodtman	289 134	-	289 134
SCP Biljohn	106 187	-	106 187
HJ Loff	100 172	-	100 172
HJ Mc Combi	96 265	-	96 265
A Hartnick	80 327	-	80 327
JJA Koegelenberg	14 257	-	14 257
JE Davids	47 703	-	47 703
A Everts	46 211	-	46 211
J Harmse	40 938	-	40 938
CN Ngalo	29 487	-	29 487
FH Stemmet	27 373	-	27 373
B Le Roux	26 678	-	26 678
P van der Hoven	24 124	-	24 124
E Nel	18 425	-	18 425
PJW Murray	14 257	-	14 257
JST Alberts	12 859	-	12 859
AR Olivier	-	-	-
M Fielles	10 091	-	10 091
EKV van Eden	8 549	-	8 549
PJL Grobler	7 964	-	7 964
A Baartman	6 944	-	6 944
N Bityl	4 274	-	4 274
D Kampher	914	-	914
EN Mtshali	651	-	651
F Joseph	325	-	325
R Johannes	1 785	-	1 785
	2 971 488	-	2 971 488

AUDITOR-GENERAL  
2017 -11- 30  
SOUTH AFRICA

**EDEN DISTRICT MUNICIPALITY**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**
**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)**
**30 June 2016**

The following amounts are outstanding regarding cellphone accounts:

	Total	2017 R	Outstanding less than 90 days	2016 R	Outstanding more than 90 days
Biljohn	21 566			21 566	
D Kamfer	17 017			17 017	
S Lohwe	16 331			16 331	
Kroma	8 169			8 169	
M Fielies	7 619			7 619	
HJ McCombi	6 472			6 472	
Seelers	5 021			5 021	
S de Vries	2 807			2 807	
Ewerts	2 813			2 813	
J Kemoele	1 563			1 563	
JH Loff	1 224			1 224	
J Maxim	971			971	
Dorfling	833			833	
CN Ngelo	846			846	
E Mtabati	720			720	
F Stemmet	716			716	
J Bekker	341			341	
Simmers	1 861			1 861	
	<b>96 889</b>			<b>96 889</b>	

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The incidents listed hereunder have been condoned.

Deviations from procurement processes in terms of section 38 of the Supply Chain Management Regulations were identified on the following categories:

	Up to R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Financial Services	216 677	188 415	-	-
Community Services	761 786	1 195 655	3 630 699	-
Office of the MM	41 569	127 991	-	-
Strategic Services	730 235	1 248 154	2 565 090	13 000 000
Technical Services	1 507 123	1 440 278	-	-
	<b>3 257 390</b>	<b>4 108 494</b>	<b>6 195 989</b>	<b>13 000 000</b>

The major deviations were as follows:

Awarded to	Reason/Explanation	Amount
Havcock Attorneys	Impractical Procurement Process	13 000 000
Working on Fire	Emergency	1 877 788
SALGA	Impractical Procurement Process	1 774 910
Southern Cape Fire Protection Association	Emergency	880 311
Working on Fire	Emergency	684 541
Business Engineering	Sole Supplier	246 100
Savannah Helicopters	Emergency	208 278
Working on Fire	Impractical Procurement Process	190 048
Abakus	Sole Supplier	184 297
Klein Karoo Koöperasie	Emergency	180 000
Total		<b>19 205 252</b>

**48.7 Trading with Employees in Service of the State**

The following purchases were made from close family members of persons in the service of the state :

Supplier	Name	State Department	2017 R	2016 R
IGB Trading	NM Boumeester	Eden District Municipality	42 481	30 327
Shabby to Chick	J Stander	Eden District Municipality	22 410	13 210
Piston Power Chemicals CC	Ulush Andhee	Nadine Andhee (wife) - employed by KZN Department of Education	423 476	73 279
Invusa Trading	Angeline Lekay	Herold Lekay - Oudshoorn Municipality (relationship not included in declaration)	88 510	105 434
Mubeko Africa (Pty) Ltd and MooreStephens MO Inc - Consortium	B Holtshauzen	B Holtshauzen - Executive Manager Corporate/Strategic Services Eden District Municipality	2 611 040	3 319 431
Zeelies Alien Control Services	A Wildeman (Roede)	Eden District Municipality	-	28 215
			<b>3 187 917</b>	<b>3 689 687</b>

The following purchases were made from Suppliers whose shareholders is in service of the state:

Supplier	Employee	State Department	2017 R	2016 R
Lezmin Quarries	J Pieterse - Director	SAPS	2 270 987	-
Southern Cape Fire Protection Association	G Otto - Director	Eden District Municipality	271 480	1 325 021
			<b>2 542 467</b>	<b>1 325 021</b>



# EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

40 CONTINGENT LIABILITY		2017 R	2016 R
40.1	<b>Thouls Bernard / Eden DM / September January</b>		
We received a summons from Calmarz Incorporated, with regards to an accident that happened on 5 February 2010. The driver of the vehicle was September January and at the time of the accident employed at Eden District Municipality. The vehicle had the registration number PA 175 129. This matter was referred to their insurance company. Notice of intention to defend was issued. The matter is currently not resolved.		38 231	38 231
40.2	<b>F du Toit / DL du Plooy / Eden DM</b>		
Dr du Toit and his fiancé went on vacation at Victoria Bay Camp Site. They were robbed of valuable items. Therefore they are suing Eden DM for damages. This case was referred to Millers Attorneys. A notice of intention to defend was issued. Millers recommend that Advocaate Schmidt be appointed in this matter. The Municipal Manager signed the disclosure statement and it was sent to Millers for further action. Matter currently not resolved.		376 750	376 750
40.3	<b>Lefatshe - Computer Systems</b>		
Eden District Municipality entered into an agreement with Lefatshe Technologies (Pty) Ltd whereby they will provide the municipality with an integrated information technology system. On or about 31 August 2011 Lefatshe submitted an account to the amount of R1,643,174.61 for certain services rendered. The Municipal Manager informed Lefatshe in writing of Council's decision to investigate the Lefatshe tender and that the contract is on hold pending the investigation of the forensic investigation. There was a summons served on Eden District Municipality on 8 November 2011. The amount claimed is being disputed. This forms part of a R23,449,235.67 contract. Lefatshe Technologies were liquidated and on 10 March 2015, Raubenheimers informed Eden District Municipality that the liquidators want to continue with the claim from the claimant. The arbitration award dated 11 December 2015 stated that Eden District Municipality is liable to pay the claimant the amount of R1,643,174.61 together with interest. This amount has been paid (R2,747,770.60) on 11 February 2016. The claimant has indicated an amount of R9,329,213.00 plus interest. This matter was settled in the amount of R13 million rand. VAT is payable to Lefatshe in the amount of R1.8 million rand. After the payment of VAT, this matter will be finalised.			9 329 213
40.4	<b>Hoogbeard / Delo vs. Eden DM / GW Louw</b>		
A joint summons against Eden DM and Mr GW Louw for alleged defamation of character. They claim an amount of R 800 000.00 each. The Council appointed Attorneys to defend the case. There is no further movement on the file and the opposition have not applied for a hearing date. The opposition must decide the way forward, Eden will not incur unnecessary costs. This case is dormant. There is no prospect of success and claimants might decide to withdraw.		600 000	600 000
40.5	<b>I Gerber N.O and others / Eden DM and P McKenzie</b>		
The Cape Town High Court issued a court order against Eden District Municipality. In terms of the said order each party is liable for its own costs in respect of the said Application. In addition the court ordered the Applicant to bring a court application on or before the 31st of July 2013, in order to review Eden DM's decision to lease Part 4 of the farm Woodville 172, Division George to Peter McKenzie (the second Respondent), which will have further cost implications for Eden DM. Lastly instructions were issued that a lease be drafted in the interim between the relevant parties. Eden District Municipality obtained an eviction order against Gerber.		21 840	21 840
40.6	<b>Possible Dispute with B-Municipalities Regarding Properties Registered in Eden District Municipality's Name</b>		
The Municipality embarked on a process to dispose some of its land and buildings located within the District. Some of the local municipalities have disputed that these properties can in fact be disposed since it was supposed to be transferred to them because the assets were supposed to follow the function and since Eden are not fulfilling some of these anymore the local municipalities are claiming these properties. The Municipality intends to dispute this claim.		66 088 327	58 163 662
40.7	<b>Andrew de Wet vs Eden District Municipality</b>		
Mr De Wet instituted a claim against Eden DM. He drove through a pothole with his bicycle. He sustained serious head and facial injuries and damage to his bicycle.		614 675	
40.8	<b>Barry Louis Rae Trust / Fann Uthrukt 269 Fire</b>		
Claim for damages as a result of the fire that spread (29 August until 1 September 2016)		4 500 000	
40.9	<b>Combined Summons: Leanington Blithemile Stone vs Eden DM</b>		
Car accident that occurred. This matter was referred to Province.		43 272	
40.11	<b>Combined Summons: Banger Car Hire vs Eden DM</b>		
Car accident that occurred. This matter was referred to Province.		18 800	
40.12	<b>Uniondale Correction Facility on behalf of Department of Public works</b>		
Electricity consumption for 2006 - 2011. A claim of R8.3 m has been received. The matter is currently still in process.		8 323 662	8 323 662
40.13	<b>MR Michaels</b>		
A dispute has been lodged against the Eden District Municipality by Mr MR Michaels. The applicant was re-appointed on numerous fixed term contracts as a temporary fire fighter. He is now demanding a permanent appointment. The difference between his annual cost to company on a fixed term contract versus a contract appointment, amounts to R40,172 per annum. He was subsequently appointed from 1 April 2016. He declared another dispute regarding the date of his permanent appointment. He claims it must be 1 January 2016. The financial implication is minimal, his salary package for three months.			
40.14	<b>Keyser, Doorndrift Farm 32 George</b>		
A legal dispute has been lodged against the Eden District Municipality by Mr Keyser regarding Farm 32 George Doorndrift regarding the ownership of the property. At this stage, Eden District Municipality is awaiting correspondence from the applicants attorney Mr James King form Oudshoorn.			539 201
40.15	<b>Tommy de Bruyn</b>		
This matter was finalised by Eden District Municipality and the stated amount was paid to Mr. de Bruyn.		268 967	268 967
40.16	<b>K Langeveld</b>		
Unfair labour practice. This matter was finalised by Eden District Municipality and a request for payment was done by Labour Relations on 7 July 2017. The money that was paid to M. Langeveldt was R382 993.32.		382 993	316 819
40.17	<b>V Gouwe / Mc Master / Taylor</b>		
Unfair dismissal of V Gouwe, Mc Master & Taylor. The process for Mc Master is finalised with a possible settlement of R263,000. V Gouwe and Taylor are busy with the arbitration process with a possible claim of R263,000 each. The following amounts were paid to the employees after the arbitration as awarded by the commissioner - V Gouwe R34,688, Mc Master R129,886 and Taylor R34,888.25		-	879 000
40.18	<b>JL du Preez</b>		
Unfair dismissal. Arbitration on this matter is still to be held. Estimated claim is based 12 months compensation (R142 611.12 x 12)		1 711 333	
		84 988 851	89 157 345
50	<b>IN-KIND DONATIONS AND ASSISTANCE</b>		
The Municipality received the following services in-kind:			
Name		R	R
Mr. John Krut (Advisor on National Treasury GTAC program)		Value of service received	Value of service received
Miss. Elandie Terblanche (Intern from Western Cape Provincial Treasury)		952 600	1 000 000
Mr. Eduard Lotz (Advisor on Municipal Infrastructure Support Agent Program)		226 000	48 070
		134 784	247 437
		1 343 584	1 296 507



# EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### 51 EVENTS AFTER THE REPORTING DATE

The Municipality is not aware of any events after reporting date.

### 52 RELATED PARTY TRANSACTIONS

#### 52.1 Related Party Transactions

##### Year ended 30 June 2017

**Mubeko Africa CC**  
B Holtsheuzen (Eden District Municipality's Executive Manager Corporate/Strategic Services) daughter works for Mubeko Africa (Pty) Ltd. Eden District Municipality received GRAP and mSCOA support services from Mubeko Africa.

##### Year ended 30 June 2016

**Mubeko Africa CC**  
B Holtsheuzen (Eden District Municipality's Executive Manager Corporate/Strategic Services) daughter works for Mubeko Africa (Pty) Ltd. Eden District Municipality received GRAP support services from Mubeko Africa.

Service Charges	Outstanding balances
1 472 369	1 124 850
1 124 850	611 268

#### 52.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are no longer permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 16 to the Annual Financial Statements.

#### 52.3 Related Parties

The following are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any executive manager of Eden District Municipality:

- \* Executive Mayor
- \* Speaker
- \* Mayoral Committee members
- \* Councillors
- \* Municipal Manager
- \* Executive Manager: Finance
- \* Executive Manager: Corporate / Strategic Services
- \* Executive Manager: Technical Services
- \* Executive Manager: Community Services

Their short term employee benefits are disclosed in notes 23 & 24





# EDEN DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017 RISK EXPOSURES

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

### Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

### Price risk

The municipality is not exposed to price risk.

### Interest Rate Risk

As the municipality has does not have significant interest-bearing liabilities, the entity's income and operating cash flows are not substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follows:

1% (2015 - 1%) Increase in interest rates  
0.5% (2015 - 0.5%) Decrease in interest rates

2017 R	2016 R
1 767 (863)	1 662 (841)

### Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of fire fighting fees and rental agreements. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All services are payable within 30 days from invoice date. Refer to note 17 and 18 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 17 & 18 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2017 %	2017 R	2016 %	2016 R
Ambulance and Fire Fighting Fees	51.44%	5 814 719	54.43%	5 891 693
Councillors' Arrears (Refer to Note A on next page)	30.27%	3 421 941	0.00%	3 127 222
Rental Agreements	8.37%	945 698	6.69%	724 597
Taxes - Rates	2.67%	302 185	0.00%	-
TASK Contributions and Atmospheric Licence Applications	0.00%	-	0.00%	-
Sundry debtors	7.26%	820 193	9.98%	1 081 600
	100.00%	11 304 678	71.11%	10 825 112

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (FNB, Nedbank, ABISA and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

Trade receivables - Exchange transactions  
Other receivables - Non exchange transactions  
Short term Investment Deposits  
Bank Balances and Cash

### Maximum Credit Risk Exposure

### Debtors past due date no impaired

31-60 days  
61-90 days  
91-120 days  
121-365 days  
+365 days

2017 R	2016 R
5 487 669	3 415 421
6 585 896	1 874 161
150 631	142 137
141 584 491	165 254 849
<b>153 808 686</b>	<b>160 686 558</b>
5 142 410	119 461
97 572	-
9 607	160 525
4 048 452	3 876 396
1 108 180	1 188 237
<b>10 406 222</b>	<b>5 435 620</b>

### Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.



**EDEN DISTRICT MUNICIPALITY**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**
**63 RISK EXPOSURES (CONTINUED)**

2017	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Trade and Other Payables	11 215 908	-	-	-
Unspent conditional government grants and receipts	4 534 880	-	-	-
	15 750 788	-	-	-
2016	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Trade and Other Payables	12 653 795	-	-	-
Unspent conditional government grants and receipts	17 480 363	-	-	-
	30 143 157	-	-	-

**64 FINANCIAL INSTRUMENTS**

In accordance with GRAP 104 the financial assets of the municipality are classified as follows:

Financial Asset	Classification	2017 R	2016 R
Service debtors	Financial instruments at amortised cost	5 487 609	3 415 421
Other Debtors			
Roads - Sundry debtors	Financial instruments at amortised cost	373 113	824 459
Sundry debtors	Financial instruments at amortised cost	1 098 575	1 555 704
Recoverable Debtors	Financial instruments at amortised cost	157 112	163 916
Non-current Investments			
Non-current Investment	Financial instruments at amortised cost	26 027	26 027
Short term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	150 631	142 137
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	141 688 808	155 243 616
Cash Flows and Advances	Financial instruments at amortised cost	15 863	11 293
<b>Total Financial Assets</b>		<b>148 878 616</b>	<b>161 382 512</b>

**SUMMARY OF FINANCIAL ASSETS**

Financial instruments at amortised cost

148 878 616 161 382 512

**Financial Liability**
**Non-Current Liabilities**

Long-term Liabilities

**Current Liabilities**

Trade and other payables

Current portion of long-term liabilities

**Total Financial Liabilities**
**SUMMARY OF FINANCIAL LIABILITIES**

Financial instruments at amortised cost

11 215 908 12 653 795

11 215 908 12 653 795

11 215 908 12 653 795

**65 STATUTORY RECEIVABLES**

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

**Taxes**

Vat Receivable

2 751 044 33 045

Receivables from Non-Exchange Transactions

Fines

2 751 044 33 045

**66 PUBLIC PRIVATE PARTNERSHIP**

Eden District Municipality is in the process of concluding a Public Private Partnership with regards to the establishment of the regional landfill site in Mossel Bay. The land has been purchased during 2014/2015, the erection of the landfill site will be done by concluding a Public Private Partnership. The closing date for the submission of the tenders for the Public Private Partnership was 31 July 2015, but has been extended as the relevant SCM / MFMA processes have not been concluded. A Provincial Oversight Committee has been established to oversee the process and progress. It is envisioned that the erection of the landfill site will commence on 1 July 2017. The total cost per year is estimated at R60 million per annum.

**67 NON-COMPLIANCE WITH THE MFMA**

In terms of Section 65(2)(e) of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA), Some Creditors were not paid within 30 days.  
In terms of Section 67 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA), Donations to organisations outside government.

2017  
R  
8 887 519  
5 000



**EDEN DISTRICT MUNICIPALITY  
ANNEXURE A  
SCHEDULE OF EXTERNAL LOANS  
FOR THE YEAR ENDED 30 JUNE 2017**


EXTERNAL LOANS	Loan No.	Redeemable	Balance 30/06/2016 R	Received during the period R	Redeemed or written off R	Balance 30/06/2017 R	Carrying Value of Property, Plant and Equipment R	Other Costs in accordance with the MFMA
<b>DBSA LOANS</b>								
<b>Loan: 10130/102</b> (10% interest rate, six monthly installments of R 25 669.04 with the final payment on 30/09/2015)								
<b>Loan: 10132/102</b> (10% interest rate, six monthly installments of R 184 150.24 with the final payment on 31/03/2016)								
<b>Loan: 10129/202</b> (10% interest rate, six monthly installments of R 130 001.34 with the final payment on 30/09/2015)								
<b>Loan: 10131/102</b> (10% interest rate, six monthly installments of R 193 023.80 with the final payment on 30/09/2015)								
			-	-	-	-	-	-
<b>LEASE LIABILITY</b>								
Office Equipment @ average of 12%			-	-	-	-	-	-
<b>TOTAL EXTERNAL LOANS</b>			-	-	-	-	-	-





**ANNEXURE B**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Description	Provider	2017 Financial Year									
		1 July 2016	Correction of	Restated	Receipts	Expenditure	Repaid to National	Vat	Closing Balance	Unspent	Unpaid
		Opening balance	Error	Operating balance	Grants received	Operating	Revenue Fund	Income	30-Jun-17		
Municipal Systems Improvement Grant (MSIG)	National Government Grants	9 516	-	9 516	-	-	-	-	-	-	-
Equitable Share	National Government Grants	28 433	(28 433)	-	142 063 379	142 063 379	9 516	-	-	-	-
Dept Land Affairs: District Assessment Committees	Provincial Government Grants	(25 242)	-	(25 242)	-	-	-	-	-	-	-
Local Government Financial Management Grant (FMG)	National Government Grants	480 910	-	480 910	1 250 000	1 171 483	-	53 275	-	-	-
LGESSTAR: Re-imbursements	Other Grant Providers	76 317	-	76 317	157 264	-	-	-	638 194	638 194	-
Bucket system Elimination School/Clinic	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-
Regional Landfill Site	Other Grant Providers	-	-	-	-	-	-	-	-	-	-
Expanded Public Works Incentives	National Government Grants	(16 646)	-	(16 646)	2 312 819	732 703	-	-	1 580 117	1 580 117	-
Task Contributions - Municipalities	Other Grant Providers	152 169	-	152 169	1 000 000	978 174	-	5 180	-	-	-
WC FMG Assistance	Provincial Government Grants	73 516	-	73 516	190 054	246 305	-	-	95 918	95 918	-
WC FMG: GRADUATE INTERNSHIP	Provincial Government Grants	-	-	-	60 000	-	-	-	-	-	-
WC FMG: Financial Management System mSCOA	Provincial Government Grants	-	-	-	120 000	101 108	-	678	60 000	60 000	-
(External Municipal Budgetary Programme)	Provincial Government Grants	-	-	-	-	-	-	-	19 213	19 213	-
DWA: Abstraction Validation on Bhebe	Provincial Government Grants	35 589	-	35 589	-	-	-	-	-	-	-
RBIG & DESA: Bulk Water Infrastructure	Other Grant Providers	633 910	-	633 910	-	-	-	-	633 910	633 910	-
Integrated Transport	National Government Grants	(252 822)	-	(252 822)	-	-	-	-	(252 822)	-	-
Municipal Disaster Recovery	Provincial Government Grants	652 742	-	652 742	-	-	-	-	-	-	-
Mandela Memorial Celebrations	National Government Grants	7 367 185	-	7 367 185	-	-	-	-	-	-	-
Nelson Mandela Biosphere Reserve Project	Provincial Government Grants	136 250	-	136 250	-	-	-	-	-	-	-
Kuyana Relief Fund	Other Grant Providers	20 000	(20 000)	-	-	-	-	-	-	-	-
Baile Project	Other Grant Providers	-	-	-	984 111	-	-	-	984 111	984 111	-
WC FMG Allocations	Provincial Government Grants	11 845	-	11 845	-	-	-	-	-	-	-
Rural Roads Asset Management Systems	Provincial Government Grants	214 938	-	214 938	220 000	297 897	-	27 018	-	-	-
TOTALS	National Government Grants	2 276 721	-	2 276 721	2 364 000	1 686 682	-	2 276 721	524 419	524 419	-
		11 876 331	(48 433)	11 827 898	180 751 647	147 326 710	-	10 748 366	4 282 260	4 282 260	252 822
<b>CAPITAL PROJECTS</b>											
<b>DME GRANTS</b>											
Electricity Demand Side Management	National Government Grants	5 367 955	-	5 367 955	-	-	-	-	-	-	-
TOTALS		5 367 955	-	5 367 955	-	-	-	5 367 955	-	-	-
		5 367 955	-	5 367 955	-	-	-	-	-	-	-
<b>TOTAL CAPITAL BALANCES</b>											
		17 243 286	(48 433)	17 194 853	180 751 647	147 326 710	-	16 117 480	4 282 260	4 282 260	252 822
<b>UNSPENT BALANCES END OF REPORTING PERIOD</b>											
Consolidated MIG Projects		-	-	-	-	-	-	-	-	-	-
Consolidated FMG Projects		5 439 467	-	-	-	-	-	-	-	-	-
Consolidated MSIG Projects		(1 032 670)	-	-	1 250 000	-	-	-	6 889 467	6 889 467	-
		-	-	-	-	1 171 483	-	-	(2 204 161)	-	2 204 161

  
**AUDITOR-GENERAL**  
 2017-11-30  
 SOUTH AFRICA

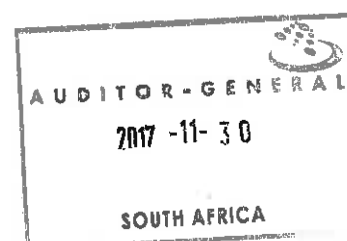
**APPENDIX C(1) - Unaudited  
EDEN DISTRICT MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017  
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

Description	2016/2017							2015/2016
	Original Budget	Budget Adjustments (L.O. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Revised Audited Outcome
R thousand								
<b>Revenue - Standard</b>								
<i>Governance and administration</i>	178 268	3 860	179 928	172 623	(7 308)	95.9%	97.9%	180 320
Executive and council	175 765	3 027	178 792	172 454	(6 338)	96.5%	98.1%	180 320
Budget and treasury office	-	-	-	2	2	#DIV/0!	#DIV/0!	-
Corporate services	603	(633)	1 136	168	(970)	14.8%	33.0%	-
<i>Community and public safety</i>	6 485	-	6 485	7 234	749	111.5%	111.5%	6 815
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	6 288	-	6 288	7 000	712	111.3%	111.3%	6 573
Public safety	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Health	197	-	197	234	37	118.5%	118.5%	242
<i>Economic and environmental services</i>	132 155	12 000	144 155	159 826	15 671	110.9%	120.9%	160 865
Planning and development	-	-	-	-	-	-	-	10
Road transport	132 900	12 000	144 000	159 611	15 611	110.8%	120.9%	160 733
Environmental protection	155	-	155	215	60	138.7%	138.7%	122
<i>Trading services</i>	-	3 168	3 168	-	(3 168)	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	3 168	3 168	-	(3 168)	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	<b>314 906</b>	<b>18 628</b>	<b>333 736</b>	<b>339 683</b>	<b>5 946</b>	<b>101.8%</b>	<b>107.9%</b>	<b>347 998</b>
<b>Expenditure - Standard</b>								
<i>Governance and administration</i>	93 648	20 430	114 077	98 402	(14 675)	87.1%	106.1%	85 143
Executive and council	38 229	21 937	60 166	50 428	(9 740)	83.8%	131.9%	37 185
Budget and treasury office	22 124	(1 123)	21 000	19 297	(1 703)	91.9%	87.2%	19 907
Corporate services	33 295	(384)	32 911	29 679	(3 232)	90.2%	89.1%	28 971
<i>Community and public safety</i>	66 080	1 670	67 751	66 398	(1 353)	98.0%	100.5%	75 072
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	12 731	(1 863)	11 089	10 905	(163)	98.5%	85.7%	9 718
Public safety	25 501	4 259	29 754	29 053	(701)	97.6%	113.9%	37 211
Housing	-	-	-	-	-	-	-	-
Health	27 848	(920)	26 928	26 440	(488)	98.2%	94.9%	28 143
<i>Economic and environmental services</i>	147 013	11 763	158 776	157 666	(1 110)	99.3%	107.2%	156 607
Planning and development	10 787	(271)	10 517	9 775	(741)	93.0%	90.6%	8 086
Road transport	134 364	12 000	146 364	146 170	(185)	99.9%	108.8%	146 333
Environmental protection	1 861	34	1 895	1 721	(174)	90.8%	92.5%	2 208
<i>Trading services</i>	2 735	3 682	6 417	3 263	(3 154)	50.8%	119.3%	3 254
Electricity	-	-	-	-	-	-	-	-
Water	650	(261)	589	344	(245)	58.4%	40.4%	823
Waste water management	-	-	-	-	-	-	-	-
Waste management	1 884	3 943	5 828	2 919	(2 909)	50.1%	154.9%	2 431
Other	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	<b>309 475</b>	<b>37 546</b>	<b>347 021</b>	<b>326 729</b>	<b>(20 292)</b>	<b>94.2%</b>	<b>105.6%</b>	<b>320 076</b>
<b>Surplus/(Deficit) for the year</b>	<b>5 433</b>	<b>(18 717)</b>	<b>(13 284)</b>	<b>12 954</b>	<b>26 238</b>	<b>-97.5%</b>	<b>236.4%</b>	<b>27 923</b>



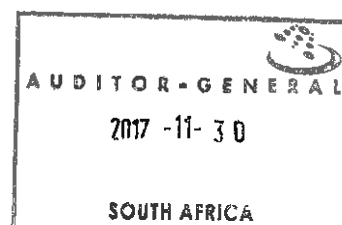
**APPENDIX C(2) - Unaudited  
EDEN DISTRICT MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017  
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

Description R thousand	2016/2017							2015/2016
	Original Budget	Budget Adjustments (Lia. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual	Actual Outcome as %	Actual Outcome as %	Restated Audited Outcome
<b>Revenue by Vote</b>								
Executive and Council	176 765	3 027	178 792	172 454	(6 338)	96.5%	98.1%	180 330
Budget and Treasury Office	-	-	-	2	2	#DIV/0!	#DIV/0!	-
Corporate Services	503	633	1 136	166	(970)	14.6%	33.0%	-
Community and Social Services	-	-	-	-	-	-	-	-
Sport and Recreation	6 288	-	6 288	7 000	712	111.3%	111.3%	6 573
Public Safety	-	-	-	-	-	-	-	-
Health	197	-	197	234	37	118.5%	118.5%	242
Planning and Development	-	-	-	-	-	-	-	-
Road Transport	132 000	12 000	144 000	189 811	15 811	110.8%	120.9%	180 738
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	-	3 168	3 168	-	(3 168)	-	-	-
Environmental Protection	155	-	155	215	60	138.7%	138.7%	122
Other	-	-	-	-	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>314 868</b>	<b>18 828</b>	<b>333 736</b>	<b>339 883</b>	<b>5 945</b>	<b>101.8%</b>	<b>107.9%</b>	<b>347 889</b>
<b>Expenditure by Vote to be appropriated</b>								
Executive and Council	38 229	21 937	60 166	50 428	(9 740)	83.8%	131.9%	37 165
Budget and Treasury Office	22 124	(1 123)	21 000	18 297	(1 703)	91.9%	87.2%	19 807
Corporate Services	33 285	(388)	32 912	29 679	(3 233)	90.2%	89.1%	26 071
Community and Social Services	-	-	-	-	-	-	-	-
Sport and Recreation	12 731	(1 683)	11 069	10 805	(163)	98.5%	85.7%	9 718
Public Safety	25 601	4 252	29 753	29 053	(701)	97.6%	113.9%	37 214
Health	27 645	(820)	26 826	26 440	(486)	98.2%	94.8%	28 143
Planning and Development	10 787	(271)	10 516	9 775	(741)	93.0%	90.8%	8 089
Road Transport	134 364	12 000	146 364	146 170	(194)	99.9%	108.8%	148 338
Electricity	-	-	-	-	-	-	-	-
Water	859	(261)	598	344	(255)	58.4%	40.4%	823
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	1 884	3 943	5 828	2 948	(2 880)	50.1%	154.6%	2 434
Environmental Protection	1 861	34	1 895	1 721	(175)	90.8%	92.5%	2 206
Other	-	-	-	-	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>309 475</b>	<b>37 845</b>	<b>347 320</b>	<b>338 729</b>	<b>(8 591)</b>	<b>94.2%</b>	<b>105.8%</b>	<b>329 076</b>
<b>Surplus(Deficit) for the year</b>	<b>5 393</b>	<b>(18 717)</b>	<b>(13 584)</b>	<b>12 854</b>	<b>26 236</b>	<b>-97.9%</b>	<b>238.4%</b>	<b>27 923</b>



**APPENDIX C(3) - Unaudited  
EDEN DISTRICT MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017  
REVENUE AND EXPENDITURE**

Description  R thousand	2016/2017							2015/2016
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>Revenue By Source</b>								
Property rates	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-
Rental of facilities and equipment	1 424	-	1 424	650	(774)	45.6%	45.6%	1 283
Interest earned - external investments	7 974	2 800	10 774	12 927	2 153	120.0%	182.1%	10 793
Interest earned - outstanding debtors	799	-	799	1 177	377	147.2%	147.2%	1 106
Dividends received	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-
Licences and permits	155	-	155	215	60	138.7%	138.7%	122
Agency services	14 500	600	15 000	15 162	162	101.1%	104.8%	-
Transfers recognised - operating	146 708	-	146 708	147 547	839	100.6%	100.6%	160 337
Other revenue	143 347	15 529	158 876	162 006	3 130	102.0%	113.0%	174 358
Gains on disposal of PPE	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>314 908</b>	<b>18 829</b>	<b>333 736</b>	<b>339 683</b>	<b>5 946</b>	<b>1772.5%</b>	<b>107.9%</b>	<b>347 989</b>
<b>Expenditure By Type</b>								
Employee related costs	105 720	373	106 093	173 047	66 953	163.1%	163.7%	168 822
Remuneration of councillors	8 448	(804)	7 644	9 421	1 577	120.1%	111.5%	7 702
Debt impairment	1 060	-	1 060	4 378	3 318	412.8%	412.8%	7 347
Depreciation & asset impairment	4 087	(417)	3 670	3 106	(564)	84.6%	76.0%	3 290
Finance charges	-	-	-	8	8	#DIV/0!	#DIV/0!	200
Bulk purchases	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-
Contracted services	11 214	6 484	17 698	30 348	12 650	171.5%	270.6%	27 150
Transfers and grants	-	-	-	1 315	1 315	#DIV/0!	#DIV/0!	825
General Expenses	338 579	(125 623)	210 955	164 839	(105 817)	46.8%	31.1%	106 617
Loss on disposal of PPE	-	-	-	269	269	#DIV/0!	#DIV/0!	123
<b>Total Expenditure</b>	<b>467 107</b>	<b>(120 886)</b>	<b>346 221</b>	<b>326 729</b>	<b>(20 292)</b>	<b>-269.0%</b>	<b>69.9%</b>	<b>320 076</b>
<b>Surplus/(Deficit)</b>	<b>(152 200)</b>	<b>138 915</b>	<b>(13 285)</b>	<b>12 954</b>	<b>26 239</b>	<b>-87.5%</b>	<b>-8.5%</b>	<b>27 923</b>
Transfers recognised - capital	-	-	-	-	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(152 200)</b>	<b>138 915</b>	<b>(13 285)</b>	<b>12 954</b>	<b>26 239</b>	<b>-87.5%</b>	<b>-8.5%</b>	<b>27 923</b>



**APPENDIX C(4) - Unaudited  
EDEN DISTRICT MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017  
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

Description	2016/2017							2015/2016
	Original Budget	Budget Adjustments (L.O. MFMA s28)	Final adjusted budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Revised Actual Outcome
R thousand								
<b>Capital expenditure - Vote</b>								
<b>Multi-year expenditure</b>								
Executive and Council	1 690	1 663	3 653	-	(3 653)	-	-	-
Budget and Treasury Office	-	36	36	-	(36)	-	-	-
Corporate Services	405	636	1 041	-	(1 041)	-	-	-
Community and Social Services	-	-	-	-	-	-	-	-
Sport and Recreation	1 670	(1 306)	565	-	(565)	-	-	-
Public Safety	970	(163)	817	-	(817)	-	-	-
Road Transport	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-
Environmental Protection	480	13	493	-	(493)	-	-	-
Health	-	105	105	-	(105)	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-
Capital multi-year expenditure	5 415	1 296	6 713	-	(6 713)	-	-	-
<b>Single-year expenditure</b>								
Executive and Council	-	-	-	3 189	3 189	#DIV/0!	#DIV/0!	7
Budget and Treasury Office	-	-	-	89	89	#DIV/0!	#DIV/0!	113
Corporate Services	-	-	-	1 278	1 278	#DIV/0!	#DIV/0!	873
Community and Social Services	-	-	-	2	2	#DIV/0!	#DIV/0!	26
Sport and Recreation	-	-	-	489	489	#DIV/0!	#DIV/0!	100
Public Safety	-	-	-	507	507	#DIV/0!	#DIV/0!	734
Planning and development	-	-	-	12	12	#DIV/0!	#DIV/0!	82
Health	-	-	-	253	253	#DIV/0!	#DIV/0!	-
Road Transport	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-
Waste Management	-	-	-	373	373	#DIV/0!	#DIV/0!	-
Environmental Protection	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-
Capital single-year expenditure	-	-	-	6 181	6 181	#DIV/0!	#DIV/0!	2 917
<b>Total Capital Expenditure - Vote</b>	<b>5 415</b>	<b>1 296</b>	<b>6 713</b>	<b>6 181</b>	<b>(533)</b>	<b>92%</b>	<b>114%</b>	<b>2 917</b>
<b>Capital Expenditure - Standard</b>								
Governance and administration	2 095	2 636	4 733	4 544	(189)	96.0%	216.8%	1 083
Executive and council	1 690	1 663	3 653	3 190	(464)	87.4%	189.2%	7
Budget and treasury office	-	36	36	89	30	178.6%	#DIV/0!	113
Corporate services	405	636	1 041	1 278	236	122.6%	315.1%	873
Community and public safety	2 840	(1 363)	1 467	1 281	(228)	84.1%	44.1%	826
Community and social services	-	-	-	2	2	#DIV/0!	#DIV/0!	26
Sport and recreation	1 670	(1 306)	565	489	(76)	86.6%	26.1%	100
Public safety	970	(163)	817	507	(310)	62.1%	52.3%	734
Housing	-	-	-	-	-	-	-	-
Health	-	105	105	253	148	240.4%	#DIV/0!	82
Economic and environmental services	480	13	493	12	(481)	2.5%	2.5%	-
Planning and development	-	-	-	12	12	#DIV/0!	#DIV/0!	-
Road transport	-	-	-	-	-	-	-	-
Environmental protection	480	13	493	-	(483)	-	-	-
Trading services	-	-	-	373	373	#DIV/0!	#DIV/0!	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	373	373	#DIV/0!	#DIV/0!	-
Other	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>5 415</b>	<b>1 296</b>	<b>6 713</b>	<b>6 181</b>	<b>(533)</b>	<b>92%</b>	<b>114%</b>	<b>2 917</b>
<b>Funded by:</b>								
National Government	-	-	-	-	-	-	-	544
Provincial Government	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	544
Public contributions & donations	-	-	-	-	-	-	-	29
Borrowing	-	-	-	-	-	-	-	-
Internally generated funds	5 415	1 296	6 713	6 181	(533)	92.1%	114.1%	1 444
<b>Total Capital Funding</b>	<b>5 415</b>	<b>1 296</b>	<b>6 713</b>	<b>6 181</b>	<b>(533)</b>	<b>92%</b>	<b>114%</b>	<b>2 917</b>



**APPENDIX C(5) - Unaudited  
EDEN DISTRICT MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017  
CASH FLOWS**

Description	2016/2017							2015/2016
	Original Budget	Budget Adjustments (L.O. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
Receipts					-	-	-	
Other receipts	156 427	33 820	183 347	154 746	(38 601)	80.0%	97.1%	190 486
Government - operating	146 708	(17 062)	128 616	147 547	17 931	113.8%	100.6%	158 793
Government - capital	-	-	-	-	-	-	-	544
Interest	8 773	2 001	10 774	14 103	3 330	130.9%	160.8%	11 699
Dividends	-	-	-	-	-	-	-	-
Payments					-	-	-	
Suppliers and employees	(300 475)	(33 876)	(343 351)	(322 716)	20 635	94.0%	104.3%	(312 048)
Finance charges	-	-	-	(8)	(8)	#DIV/0!	#DIV/0!	(200)
Transfers and Grants	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>5 433</b>	<b>(15 048)</b>	<b>(9 615)</b>	<b>(6 328)</b>	<b>3 286</b>	<b>65.6%</b>	<b>-116.5%</b>	<b>50 474</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Receipts					6 573	-	-	
Proceeds on disposal of PPE	-	-	-	-	-	-	-	1
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	(169)	(169)	#DIV/0!	#DIV/0!	(3 491)
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-
Payments								
Capital assets	(5 415)	(1 298)	(6 713)	(6 181)	533	92.1%	114.1%	(1 988)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(5 415)</b>	<b>(1 298)</b>	<b>(6 713)</b>	<b>(6 350)</b>	<b>364</b>	<b>94.6%</b>	<b>117.3%</b>	<b>(5 478)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-
Payments					727	-	-	
Repayment of borrowing	-	-	-	-	-	-	-	(682)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(682)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>18</b>	<b>(16 348)</b>	<b>(16 328)</b>	<b>(12 678)</b>	<b>10 508</b>	<b>107.9%</b>	<b>98.1%</b>	<b>44 314</b>
Cash/cash equivalents at the year begin:	148 539	-	148 539	155 397	-	-	-	111 083
Cash/cash equivalents at the year end:	148 657	(16 348)	132 211	142 719	10 508	107.9%	98.1%	155 397

**AUDITOR-GENERAL**  
2017 -11- 30  
SOUTH AFRICA